

# **City of Auburn, California**

## **Comprehensive Annual Financial Report**

For Fiscal Year Ended June 30, 2007

Prepared by:  
Administrative Services Department  
Andrew Heath, Director



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**Comprehensive Annual Financial Report**  
**For Fiscal Year Ended June 30, 2007**

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**Introductory Section**



**CITY OF AUBURN**

**Comprehensive Annual Financial Report  
For the Year Ended June 30, 2007**

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1225 Lincoln Way, Auburn, CA 95603 • (530)823-4211 • FAX (530)885-5508  
www.auburn.ca.gov

November 19, 2007

To the Honorable Mayor, City Council, and Citizens of the City of Auburn:

**THE COMPREHENSIVE ANNUAL FINANCIAL  
REPORT OF THE CITY OF AUBURN**

We are pleased to present the Comprehensive Annual Financial Report (CAFR) of the City of Auburn for the fiscal year July 1, 2006 through June 30, 2007. Although addressed to the City's governing body and its citizens, the CAFR is intended also to provide relevant financial information to creditors, investors, and other interested parties. This transmittal letter provides a summary of City of Auburn finances, services, achievements, and economic prospects for readers without a technical background. Those wishing a more detailed discussion of the City's financial results should refer to Management's Discussion and Analysis (MD&A) contained in the Financial Section of the CAFR.

The City of Auburn's management is solely responsible for the accuracy of the information contained in this report, the adequacy of its disclosures, and the fairness of its presentation. We believe this CAFR to be complete and reliable in all material respects. To provide a reasonable basis for making this representation, the City has established a system of internal controls designed to protect City assets from loss, to identify and record transactions accurately, and to compile the information necessary to produce financial statements in conformity with generally accepted accounting principles.

The City has contracted with Bartig, Basler & Ray, LLP, a firm of Certified Public Accountants licensed to practice in the State of California, to perform the annual independent audit. The auditors expressed an opinion that the City's financial statements for fiscal year 2006-2007 are fairly stated and in compliance with accounting principles generally accepted in the United States. This conclusion is the most favorable kind and is commonly known as an "unqualified" or "clean" opinion. The independent auditor's report is included in the Financial Section of this report.

*"Endurance Capital of the World"*

## **Transmittal Letter**

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### **REPORTING ENTITY**

The City of Auburn is a general-law City incorporated under California law, first in 1860 and again on May 2, 1888. The City operates under a council-manager form of government. The City's five Council Members are elected at-large and serve overlapping four-year terms. Annually, the City's five Council Members elect the position of Mayor and Mayor Pro Tempore, who serve one-year terms in this capacity. All elections are conducted on a non-partisan basis. The City Manager is appointed by the Council and serves as the chief administrative officer of the organization. The City Manager is responsible for administration of City affairs, day-to-day operations, and implementation of Council policies. The City Manager also acts as Executive Director of the Auburn Urban Development Authority to administer redevelopment projects and programs.

The City provides a full range of municipal services, including police and fire protection, the construction and maintenance of streets and infrastructure, land use planning and zoning, building safety regulation and public inspection, and general administrative services. The City also operates the Auburn Municipal Airport and a wastewater treatment facility.

The City of Auburn covers approximately 7.5 square miles on the western slope of the Sierra Nevada Range and has a population of 13,112. At the crossroads of Interstate 80 and Highway 49, Auburn is the county seat of Placer County and an important retail trade center. The City of Auburn and surrounding Auburn areas have emerged as a destination point for those enjoying a variety of activities including Whitewater rafting, horseback riding, and hiking to the historic ambiance of the Old Town and Downtown areas providing unique shopping and dining experiences. In 2003, the Auburn City Council passed an official measure proclaiming Auburn as the Endurance Capital of the World. Auburn is home to some of the most challenging and historic endurance events on the planet, including the Auburn International Triathlon, the Tevis Cup Ride and the Western States 100.

This report includes all funds of the City, as well as all governmental organizations and the Auburn Urban Development Authority, of which the City Council has full financial accountability.

### **ECONOMIC CONDITION AND OUTLOOK**

The City's average unemployment rate for calendar year 2006 was 3.4 percent, which was lower than the Placer County average of 4.2 percent and the statewide average of 4.9 percent. The City's economic growth, although somewhat diminished from levels experienced in previous years, continues to pace that of the region as a whole. The economic bases for the City of Auburn and the entire region continue to grow at a faster pace than that of the statewide economy.

Expected economic growth in both the City of Auburn and the region as a whole vastly impacts the City's ability to provide consistent levels of service expected by residents and business

## **Transmittal Letter**

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owners alike. Recent activity indicates revenue growth rates for sales tax, property tax and development-related fees experienced in prior years are not expected to continue in the wake of tightening credit markets, a downturn in the overall housing market, and inflationary pressures experienced as a result of rising oil prices.

As in the past, the City will work diligently to assure the superior delivery of existing programs and levels of service, while confronting the continued challenge of providing competitive salaries and benefits to its employees. To this end, the City will continue to evaluate citywide programs and services consistent with cost effectiveness and efficiency.

The City Council approved a balanced General Fund budget for Fiscal Year 2007-08. The resulting budget includes continued allocations of funding for the City's Street Overlay Program, Sewer / Wastewater Treatment Facility Capital Improvement Program, and significant public safety salary augmentations.

### **SIGNIFICANT EVENTS AND ACCOMPLISHMENTS**

Highlights of activities and accomplishments for the fiscal year ended June 30, 2007 include the following:

Throughout Fiscal Year 2006-07, the City of Auburn continued to work in partnership with six non-profit community groups to restore the Cooper Open Air Amphitheater located in a heritage oak grove in the heart of the downtown area (Auburn School Park Preserve). Construction on the Park Project is approximately 65% completed, with the project completion date anticipated during Fiscal Year 2007-08. When completed, the project will provide an adaptive reuse of a historical open air theater and natural heritage venue for area residents and tourists taking advantage of Auburn's historical significance.

Continuing the City's commitment towards resurfacing City-maintained streets on a twenty-year rotational basis, the City expended approximately \$1.65 million towards the Annual Street Overlay Program during Fiscal Year 2006-07

Expansion of the City's Community Development Block Grant (CDBG) Program, enabling three local businesses to receive loans totaling approximately \$350,000, facilitating economic growth and job creation.

Completion of an aggressive capital improvement program, effectively adding more than \$4.3 million to the City's capital assets including:

- o Auburn Airport East Hanger Project
- o Pond Lining for the Sewer Wastewater Treatment Facility
- o Agard / High / Oakwood Traffic Signal
- o Canyon Ct. / Foresthill Avenue Sewer Lift Station

## **Transmittal Letter**

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### **LONG-TERM FINANCIAL PLANNING AND INITIATIVES**

#### ***Public Works:***

Capital Improvement Plan: The budget adopted for Fiscal Year 2007-08 includes more than \$4.9 million appropriated for capital projects in the City's Sewer and Transportation-related funds. Capital expenditures are expected to continue well into the future as the City strives to upgrade and maintain its aging infrastructure.

Waste Water Treatment Facility Upgrade: In addition to the \$4.9 million allocated for Citywide capital projects, it is anticipated that the City will begin an \$11.7 compliance upgrade to the City's Wastewater Treatment Facility using funds available in the City's Sewer Fund and, to the extent necessary, bond proceeds.

Staffing Augmentations: The budget adopted for Fiscal Year 2007-08 allocates a new Public Works Supervisor position by deleting a Public Works Maintenance Worker position. This action results in increased supervisory support at the Public Works Corporation Yard.

#### ***Community Development:***

General Plan Update – Housing: The budget adopted for Fiscal Year 2007-08 appropriates \$50,000 towards the update of the Housing Element in the City's General Plan.

Community Development Block Grant: It is anticipated that the City will apply for a new Economic Development Revolving Loan Fund grant available through the State of California Department of Housing and Community Development grant program. If successful, the City will use the grant proceeds to further the City's economic development program.

#### ***Citywide /Administrative Services:***

Pay for Performance Program: The Administrative Services Department will explore alternatives available and work to implement a comprehensive, multi-tiered, Pay for Performance Program.

### **FINANCIAL INFORMATION**

The City's management staff is responsible for establishing and maintaining internal controls that safeguard the assets of the government from loss, theft, or misuse and allow the compilation of adequate accounting data for the preparation of financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that the cost of a control should not exceed its likely benefits and that the evaluation of costs and benefits is subject to management estimates and judgments.

## **Transmittal Letter**

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### ***Budgetary Controls***

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the majority of the funds are included in the annual appropriated budget. Expenditure activities for certain funds are not considered during the annual budget process due to their reliance on revenues received. Budgetary control within each department is monitored at the major object level (employee salaries and benefits, services and supplies, other charges and capital assets). The level of budgetary control, at which expenditures in budgeted funds cannot legally exceed the budgeted amount, is at the departmental level. This means that the expenditures cannot legally exceed the amount appropriated by the City Council. If necessary, staff recommends budgetary changes each calendar quarter as part of the quarterly financial status report to the City Council.

The City continues to meet its responsibility for sound financial management as demonstrated by the statements and schedules included in the financial section of this report.

### ***Cash Management***

Temporarily idle cash was invested in accordance with the California Government Code Section 53600 (et seq.) and the City's Investment Policy. During the fiscal year ended June 30, 2007, the City invested in demand deposits (checking accounts), commercial paper, medium-term corporate notes, U.S government securities, certificates of deposit, Local Agency Investment Fund (the State external investment pool), and the Placer County external investment pool. The City earned interest revenues of \$620,855 with an average yield of 4.67% on all investments for the fiscal year ended June 30, 2007.

## **AWARD AND ACKNOWLEDGEMENTS**

The Government Finance Officer's Association of the United States and Canada (GFOA) awarded a Certificate for Excellence in Financial Reporting to the City of Auburn for its comprehensive annual financial report for the fiscal year ended June 30, 2006. This award, the first such award in the City's history, recognizes the City's conformance with the highest standards for preparation of state and local government financial reports.

In order to be awarded a Certificate of Achievement, the government must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirement and we are submitting it to the GFOA to determine its eligibility for another certificate.

## Transmittal Letter

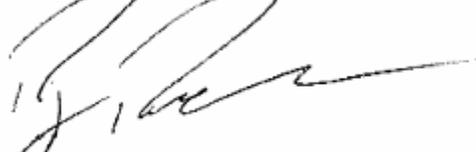
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The preparation of this CAFR represents the culmination of a concerted team effort by the entire staff of the Administrative Services Department. Each member of the department has our sincere appreciation for the contributions made in the preparation of this report.

In addition, staff in all City departments should be recognized for their timely and positive response to the requests for detailed information necessary to prepare the annual audit. The role of Bartig, Basler & Ray LLP Certified Public Accountants should also be acknowledged as a significant contribution.

Finally, we wish to express our sincere appreciation to the Mayor and City Council for providing policy direction and a firm foundation of support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,



Robert Richardson  
City Manager



Andy Heath  
Director of Administrative Services

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Auburn  
California

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
June 30, 2006

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director



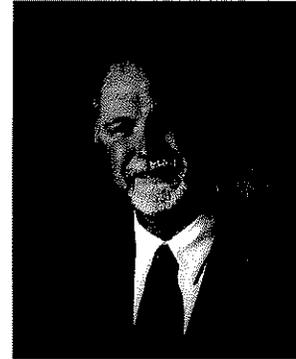
City of Auburn Mayor & City Council  
To contact Council Members by mail, send to:  
1225 Lincoln Way, Auburn, CA 95603

2007



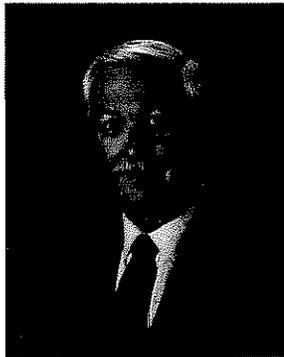
Mayor  
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[snyder@jps.net](mailto:snyder@jps.net)

530-889-1989



Mayor Pro-Tem  
Keith Nesbitt  
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530-320-2325



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Bridgett Powers  
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# City of Auburn Comprehensive Annual Financial Report

**2007**

## **Project Team**

Robert Richardson, City Manager

Andy Heath, Administrative Services Director

## **Administrative Staff**

Joanna Belanger, Administrative Manager

Mary Freitas, Senior Accounting Technician

Liz Davis, Senior Accounting Technician

Shari Conley, Accounting Technician

## **Special Assistance**

Mark D'Ambrogi, Chief of Fire

Valerie Harris, Chief of Police

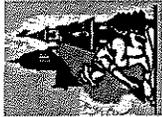
Lisa Hoffrogge, Building Official

Jerry Martin, Airport Manager

Bernie Schroeder, Engineering Division

Manager - Public Works Department

George Williams, City Treasurer



# RESIDENTS OF AUBURN

## CITY TREASURER

George Williams

## CITY CLERK

Joe Labrie

## BOARDS & COMMISSIONS

- Planning Commissions
- Economic Development Commission
- Historic Design Review Commission
- Arts Commission
- Telecommunications Commission

## MAYOR & CITY COUNCIL

- Bob Snyder, Mayor
- Keith Nesbitt, Mayor Pro Tem
- Mike Holmes
- Kevin Hanley
- Bridget Powers

## AUBURN URBAN DEVELOPMENT AUTHORITY

## CITY ATTORNEY

Michael Colantuono

## CITY MANAGER

Robert Richardson

## GENERAL GOVERNMENT

- Administrative Services Director
- Andrew Heath

## PUBLIC SAFETY

- Police Chief
- Valerie Harris
- Fire Chief
- Mark D' Ambrogi

## CAPITAL MAINTENANCE

- Public Works Director
- Jack Warren

## COMMUNITY SERVICES

- Community Development Director
- Will Wong
- Airport Manager
- Jerry Martin

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**Comprehensive Annual Financial Report**  
**For Fiscal Year Ended June 30, 2007**

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**Financial Section**





## INDEPENDENT AUDITOR'S REPORT

City Council  
City of Auburn  
Auburn, California

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Auburn, California (the City), as of and for the year ended June 30, 2007, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the management of the City of Auburn, California. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over financial reporting. Accordingly, we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Auburn, California, as of June 30, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued under separate cover, our report dated November 19, 2007 on our consideration of the City's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

City Council  
City of Auburn, CA

The Management's Discussion and Analysis (MD & A) and the required supplementary information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual fund financial statements and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual fund financial statements and schedules have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

BARTIG, BASLER & RAY, LLP  
A Gallina LLP Company

A handwritten signature in cursive script that reads "Bartig Basler & Ray, LLP".

Roseville, CA  
November 19, 2007

# CITY OF AUBURN

## Management Discussion and Analysis June 30, 2007

### Management's Discussion and Analysis

This section of the City of Auburn's (City) Comprehensive Annual Financial Report presents a discussion of the City's financial performance during the year ended June 30, 2007. Please read it in conjunction with the City's basic financial statements following this section.

### FINANCIAL HIGHLIGHTS

- The assets of the City exceeded liabilities at the close of the 2006-2007 fiscal year by \$40,732,120 (*net assets*). Of this amount, \$5,569,357 (unrestricted net assets) may be used to meet ongoing obligations to citizens and creditors, and \$4,675,541 is restricted for capital projects, debt service and legally segregated taxes, grants and fees.
- As of June 30, 2007, the City governmental funds reported combined fund balances of \$9,433,772. Approximately 79% of the combined fund balances, \$7,489,330 is available to meet the City's current and future needs (*unreserved fund balance*).
- At the end of the fiscal year, unreserved, designated for economic uncertainty fund balance for the General Fund was \$2,250,000, or 21% of total General Fund expenditures.
- The City's investment in capital assets, net of related debt, increased by \$3,476,412 compared to the prior year. The increase occurred as a result of a citywide focus on capital projects including the Airport East Hanger Project, Pond Lining at the Wastewater Treatment Facility, the Agard/High/Oakwood Signal, and the Auburn School Park Preserve.
- The City expended more than \$1.65 million towards the Annual Street Overlay Program during Fiscal Year 2006-07.
- The City expanded its community development efforts by revitalizing the Community Development Block Grant (CDBG) Revolving Loan Program, enabling three local businesses to receive loans totaling approximately \$350,000.
- The City's General Fund balance of \$4,779,014 as of June 30, 2007 was \$451,151 lower than that reported for the 2005-06 fiscal year, reflecting a \$369,370 temporary decrease in fund balance reserved for insurance banking layer deposits and a \$212,000 decrease in unreserved fund balance designated for capital outlay (Annual Street Overlay Program).

# CITY OF AUBURN

## Management Discussion and Analysis June 30, 2007

### OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements comprise of three components: 1) Government-wide Financial Statements; 2) Fund Financial Statements; and 3) Notes to the Basic Financial Statements.

**Government-wide Financial Statements** are designed to provide readers with a broad overview of City finances, in a manner similar to a private-sector business.

The *Statement of Net Assets* presents information on all City assets and liabilities, with the difference between the two reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *Statement of Activities* presents information showing how net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, *regardless of the timing of related cash flows*. Thus, revenues and expenses are reported in this statement for some items that will result in cash flows in future fiscal periods, (e.g. uncollected taxes and earned but unused annual vacation and sick leave).

Both of these government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or in part a portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public protection, public ways and facilities. The business-type activities of the City include an airport and wastewater treatment operating facility. The government-wide financial statements include not only the City itself (known as the primary government), but also the legally separate Auburn Urban Development (redevelopment) Authority.

**The government-wide financial statements can be found on pages 21-23 of this report.**

**Fund Financial Statements** are groupings of related accounts that are used to maintain control over resources that have been segregated for specific activities or objectives. The City, like any other state and local government, uses fund accounting to ensure and demonstrate finance-related legal compliance. All of the funds of the City can be divided into three categories: *governmental funds*, *proprietary funds*, and *fiduciary funds*.

**Governmental funds** are used to account for essentially the same functions reported as *governmental activities* in the government-wide financial statements. However, unlike the government-wide financial statements, governmental funds financial statements focus on *near-term inflows and outflows of spendable resources*, as well as on *balances of spendable resources* available at the end of the fiscal year. Such information may be useful in evaluating a City's near-term financing requirements. The City considers revenue to be available if they are collected within 60 days after the fiscal year end.

# CITY OF AUBURN

## Management Discussion and Analysis June 30, 2007

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures and changes in fund balances for the General Fund and Transit Fund, which are considered to be major funds. The City maintains several individual governmental funds organized according to their type (special revenue, debt service, and capital projects funds). Data from the remaining governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* elsewhere in the report.

**The governmental funds financial statements can be found on pages 25-28 of this report.**

*Proprietary funds* are generally used to account for services for which the City charges customers – either outside customers, or internal units of departments within the City. Proprietary funds provide the same type of information as shown in the government-wide financial statements, only in more detail. Proprietary funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses proprietary funds to account for the Auburn Airport and the Wastewater Treatment Facility.

**The proprietary funds financial statements can be found on pages 29-32 of this report.**

*Fiduciary funds* are used to account for resources held for the benefit of the City's employees and parties outside the government. The City's private purpose trust and agency funds are reported under the fiduciary funds. Since the resources of these funds are not available to support the City's own programs, they are not reflected in the government-wide financial statements. The accounting used for fiduciary funds is much like that used for proprietary funds.

**The fiduciary funds financial statements can be found on pages 33-34 of this report.**

**Notes to the Basic Financial Statements** provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes can be found on pages 35-62 of this report.

**Required Supplementary Information** is presented on the City General Fund and major special revenue fund schedules. The City adopts an annual appropriated budget to demonstrate compliance with this budget.

**The required supplemental information can be found on pages 63-66 of this report.**

# CITY OF AUBURN

## Management Discussion and Analysis June 30, 2007

The combining and individual fund statements and schedules for non-major governmental funds and proprietary funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 69-110 of this report.

### GOVERNMENT-WIDE FINANCIAL ANALYSIS

This analysis focuses on the net assets and changes in net assets of the City as a whole.

**Table 1**  
**Net Assets**  
**June 30,**

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
<b>Assets:</b>						
Current and other assets	\$ 15,587,825	\$ 16,900,104	\$ 4,380,139	\$ 5,519,773	\$ 19,967,964	\$ 22,419,877
Capital assets	14,327,791	12,957,384	20,844,214	19,264,584	35,172,005	32,221,968
Total assets	<u>29,915,616</u>	<u>29,857,488</u>	<u>25,224,353</u>	<u>24,784,357</u>	<u>55,139,969</u>	<u>54,641,845</u>
<b>Liabilities:</b>						
Current and other liabilities	2,862,747	2,818,453	140,896	214,359	3,003,643	3,032,812
Long-term liabilities	6,677,251	6,979,072	4,726,955	5,062,506	11,404,206	12,041,578
Total liabilities	<u>9,539,998</u>	<u>9,797,525</u>	<u>4,867,851</u>	<u>5,276,865</u>	<u>14,407,849</u>	<u>15,074,390</u>
<b>Net Assets:</b>						
Invested in capital, net of related debt	13,711,814	12,112,065	16,775,408	14,898,745	30,487,222	27,010,810
Restricted net assets	4,662,291	3,897,934	13,250	41,840	4,675,541	3,939,774
Unrestricted net assets	2,001,513	4,049,964	3,567,844	4,566,907	5,569,357	8,616,871
Total net assets	<u>\$ 20,375,618</u>	<u>\$ 20,059,963</u>	<u>\$ 20,356,502</u>	<u>\$ 19,507,492</u>	<u>\$ 40,732,120</u>	<u>\$ 39,567,455</u>

#### *Governmental Activities*

The City's governmental net assets amounted to \$20.37 million as of June 30, 2007, an increase of approximately \$316,000 over the fiscal year ended 2006. This increase is the change in net assets reflected in the Governmental Activities column of the Changes in Net Assets shown in Table 2. The City's net assets from governmental activities as of June 30, 2007, comprised the following:

- Cash and investments comprised \$6.97 million in the City treasury, \$1.21 million of which is restricted in use. Substantially all of these amounts were held in short to medium term investments in governmental securities and corporate notes, as detailed in Note 2 to the financial statements.
- Current accounts, taxes and interest receivable comprised \$1.17 million.
- Loans receivable comprised \$545,000, all of which represents loans provided by the City's Community Development Block Grant (CDBG) Revolving Loan Program.

## CITY OF AUBURN

### Management Discussion and Analysis June 30, 2007

- Prepaid expenses comprised \$1.55 million, all of which has been prepaid for expenses related to the Auburn School Park Preserve Project and is expected to be recovered via various grants and donations as the work is completed.
- A net pension asset resulting from the issuance of pension obligation bonds comprised \$4.83 million.
- Capital assets of \$14.33 million, net of depreciation charges, which does not include all of the City's infrastructure, but does include all other City assets.
- Current liabilities, including accounts and interest payable, deposits and unearned revenues, comprised \$1.53 million.
- Long-term liabilities, including a \$1.39 million landfill post-closure cost, comprised \$8.07 million.
- Net assets invested in capital assets net of related debt of \$13.71 million, representing the City's investment in infrastructure and other capital assets used in Governmental activities, net of amounts borrowed to finance that investment.
- Restricted assets totaling \$4.66 million, which may be used only to construct specified capital projects, debt service, or for community development and transportation projects and public safety programs.
- Unrestricted net assets are part of net assets that can be used to finance day-to-day operations without constraints established by debt covenants or other legal requirements or restrictions. The City had \$2 million of unrestricted net assets as of June 30, 2007. While these assets are technically unrestricted, most of these assets are designated for a specific use.

#### ***Business-Type Activities***

The City's business-type net assets amounted to \$20.35 million as of June 30, 2007, increasing by approximately \$850,000 since the fiscal year ended 2006. The increase in the change in net assets experienced in the business-type funds occurred primarily as a result of making debt service payments for both the Airport and Sewer operations; and capitalization of the Airport East Hanger Project.

# CITY OF AUBURN

## Management Discussion and Analysis June 30, 2007

The following table indicates the changes in net assets:

**Table 2**  
**Changes in Net Assets**  
**For the Year Ended June 30,**

	Governmental Activities		Business-Type Activities		Total	
	2007	2006	2007	2006	2007	2006
Program Revenues:						
Fees, fines and charges for services	\$ 1,189,020	\$ 1,575,424	\$ 2,876,321	\$ 3,054,943	\$ 4,065,341	\$ 4,630,367
Operating grants and contributions	2,543,309	2,378,837	49,500	-	2,592,809	2,378,837
Capital grants and contributions	1,284,923	684,447	1,063,925	238,136	2,348,848	922,583
Total program revenues	5,017,252	4,638,708	3,989,746	3,293,079	9,006,998	7,931,787
General Revenues:						-
Property taxes	4,085,695	3,682,204	32,634	41,764	4,118,329	3,723,968
Sales and use taxes	3,005,226	2,922,367	-	-	3,005,226	2,922,367
Other taxes	1,693,896	1,328,748	-	-	1,693,896	1,328,748
Franchise fees	648,170	620,185	-	-	648,170	620,185
Rents	312,911	297,896	459,851	331,784	772,762	629,680
Unrestricted interest and investment earnings	379,293	198,507	241,562	126,004	620,855	324,511
Miscellaneous	102,009	33,988	-	-	102,009	33,988
Total general revenues	10,227,200	9,083,895	734,047	499,552	10,961,247	9,583,447
Total revenues	15,244,452	13,722,603	4,723,793	3,792,631	19,968,245	17,515,234
Program expenses:						
General government	2,325,979	1,783,691	-	-	2,325,979	1,783,691
Public safety	5,916,568	5,385,966	-	-	5,916,568	5,385,966
Transportation	4,343,717	2,691,900	-	-	4,343,717	2,691,900
Community development	1,748,798	1,483,471	-	-	1,748,798	1,483,471
Recreation and culture	20,654	18,308	-	-	20,654	18,308
Interest on long-term debt	575,295	50,740	-	-	575,295	50,740
Airport	-	-	740,501	774,459	740,501	774,459
Sewer	-	-	3,132,068	2,852,847	3,132,068	2,852,847
Total expenses	14,931,011	11,414,076	3,872,569	3,627,306	18,803,580	15,041,382
Excess (deficiency) before transfers	313,441	2,308,527	851,224	165,325	1,164,665	2,473,852
Transfers	2,214	(3,180)	(2,214)	3,180	-	-
Change in net assets	315,655	2,305,347	849,010	168,505	1,164,665	2,473,852
Net assets at beginning year	20,059,963	17,754,616	19,507,492	19,317,916	39,567,455	37,072,532
Prior period adjustment	-	-	-	21,071	-	21,071
Net assets at end of year	\$ 20,375,618	\$ 20,059,963	\$ 20,356,502	\$ 19,507,492	\$ 40,732,120	\$ 39,567,455

# CITY OF AUBURN

## Management Discussion and Analysis June 30, 2007

### ***Governmental Activities***

As Table 2 above shows, \$5.02 million, or 32.9% of the City's fiscal year 2006-07 revenue derived from the program revenues, while \$10.23 million, or 67.1%, derived from general revenues such as taxes and interest.

Program revenues are composed of fees, fines and charges for service of \$1.19 million that include permit revenues, fees and charges used to fund expenses incurred in providing services; and \$2.54 million of operating grants and contributions which include gas tax, transportation development allocations and public safety allocations and grants.

General revenues are not allocable to programs, but are used to pay for the net costs of governmental programs.

### ***Business-type Activities***

Business-type activities combined to increase by \$849,010 during Fiscal Year 2006-07. The Airport capital improvement program accounted for the majority of the increase in net assets, primarily as a result of capitalizing the FAA grant-funded East Hanger Project.

Net assets in the City's Sewer Fund were relatively unchanged during Fiscal Year 2006-07. Net assets in the City's Sewer Fund continue to rise, however, are doing so at a marginally declining rate. Costs to operate the Sewer Facility are expected to continue rising. The decrease in net assets experienced in the City's Sewer Fund can be attributed to increased operations costs offset by unchanged sewer user fees and charges.

# CITY OF AUBURN

## Management Discussion and Analysis June 30, 2007

### FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, the City uses *fund accounting* to ensure and demonstrate compliance with finance-related legal requirements.

**Governmental funds.** The general government functions are contained in the General, Special Revenue, Debt Service, and Capital Project Funds. The focus of the City's *governmental funds* is to provide information on near-term inflows, outflows, and balances of *spendable* resources. Such information is useful in assessing the City's financing requirements. In particular, *unreserved fund balance* may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

The following table presents the amount of revenue from various sources:

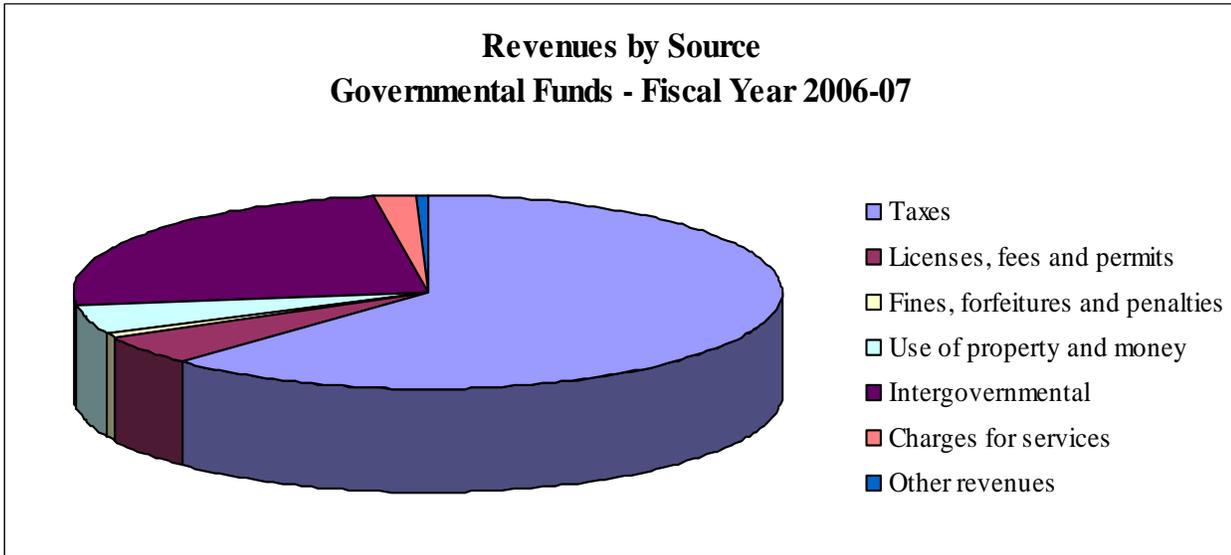
**Table 3**  
**Revenues Classified by Source**  
**Governmental Funds**  
**For the Fiscal Years Ended June 30,**

<b>Revenues by Source</b>	<b>2007</b>	<b>2006</b>	<b>% Change</b>
Taxes	\$ 9,432,987	\$ 8,553,504	10.3%
Licenses, fees and permits (1)	775,940	1,065,241	-27.2%
Fines, forfeitures and penalties	144,568	121,808	18.7%
Use of money and property (2)	692,204	496,403	39.4%
Intergovernmental (3)	3,828,232	3,063,284	25.0%
Charges for services (4)	268,512	388,375	-30.9%
Other revenues (5)	102,009	33,988	200.1%
<b>Total Revenues</b>	<b>\$ 15,244,452</b>	<b>\$ 13,722,603</b>	<b>11.1%</b>

- (1) Decreased due to reduction in City impact development fees collected during the 2006-07 fiscal year as compared to the previous fiscal year.
- (2) Use of money and property increased due to strategic investment of idle cash balances coupled with increases in portfolio yields during the 2006-07 fiscal year as compared to the previous fiscal year.
- (3) Intergovernmental revenues increased due to increased allocations and use of transportation-related revenues, and the one-time receipt of traffic safety and capital project grant revenues.
- (4) Charges for services decreased due to a reduction in engineering and planning costs recovered for related development projects during the 2006-07 fiscal year.
- (5) Other revenues increased during the 2006-07 fiscal year as a result one time revenues received for sales of surplus property and a transfer fee related to the City's cable franchise.

**CITY OF AUBURN**

Management Discussion and Analysis  
June 30, 2007



The following table presents expenditures by function:

**Table 4**  
**Expenditures by Function**  
**Governmental Funds**  
**For the Fiscal Years Ended June 30,**

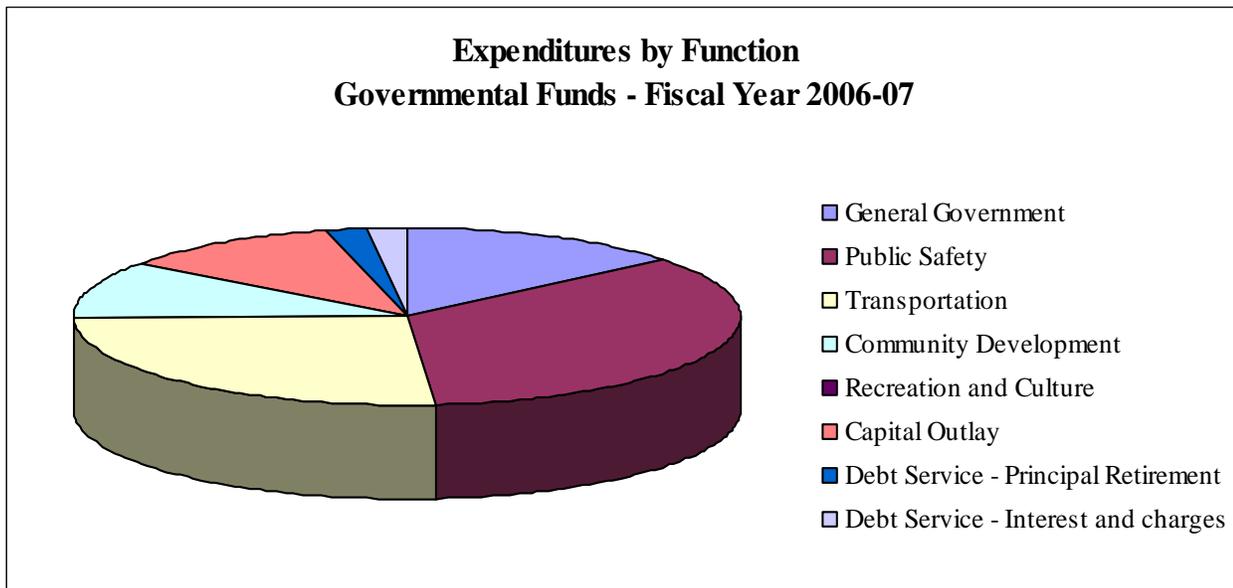
<b>Expenditures by Function</b>	<b>2007</b>	<b>2006</b>	<b>% Change</b>
General government	\$ 2,224,760	\$ 4,500,812	-50.6%
Public safety	5,742,513	7,313,153	-21.5%
Transportation	4,368,426	2,521,915	73.2%
Community development	1,737,253	1,492,402	16.4%
Recreation and culture	20,654	18,308	12.8%
Capital outlay	1,802,529	1,477,368	22.0%
Debt service – Principal retirement	314,909	157,725	99.7%
Debt service – Interest and charges	313,170	38,181	720.2%
<b>Total Expenditures</b>	<b>\$ 16,524,214</b>	<b>\$ 17,519,864</b>	<b>-5.7%</b>

# CITY OF AUBURN

## Management Discussion and Analysis June 30, 2007

The \$1.0 million net decrease in general government expenditures during the 2006-07 fiscal year can be primarily attributed to the following:

- Elimination of a Fiscal Year 2005-06 one-time, \$4,965,000 payment of bond proceeds to the State of California Public Employees Retirement System (CalPERS) to settle the outstanding unfunded actuarial accrued liability and recognized as expenditures in the General Government and Public Safety functions;
- Capital outlay of more than \$1.65 million towards the City's Annual Street Overlay Program recognized as Transportation expenditures;
- Expansion of the City's Community Development Block Grant (CDBG) Revolving Loan Program by providing three local businesses with loans totaling approximately \$350,000 recognized as Community Development expenditures;
- Recognition of additional worker's compensation and general liability insurance expenditures of \$369,370 as a result of increased actuarially anticipated costs to settle claims;
- Negotiated salary increases for all City employees; and
- Annual debt service of approximately \$335,000 related to the CalPERS Pension Bonds.



The **General Fund** is the main operating fund of the City, and accounts for general operations including public safety, community development, and administration. At June 30, 2007, unreserved fund balance of the General Fund was \$2.83 million, while fund balance totaled \$4.78 million. Total fund balance decreased by approximately \$500,000 when compared to last year, primarily as a result of using a \$212,000 capital reserve set aside for the Annual Street Overlay Program coupled with a \$369,000 reduction in self-insurance deposit reserves.

**CITY OF AUBURN**

Management Discussion and Analysis  
June 30, 2007

As measures of the General Fund’s ability to meet operating expenditures, it is useful to note that unreserved fund balance represents 26.3% of total General Fund expenditures, while total fund balance represents 44.4% of the same amount.

The **Small Business Loan (Community Development Block Grant) Fund** accounts for monies received from the State and loaned by the City to encourage small business and employment growth. Funds, when repaid, are provided to new businesses qualifying for participation in the program. The \$320,000 reduction in fund balance available can be attributed to the City providing small business loans totaling \$350,000 to three qualifying businesses.

**Enterprise Funds.** The City has two Enterprise funds – the Airport Fund and the Sewer Fund. The City’s Enterprise funds generally account for services charged to external or internal customers through fees.

The following table presents the amount of revenue from various sources:

**Table 5**  
**Revenues Classified by Source**  
**Enterprise Funds**  
**For the Fiscal Years Ended June 30,**

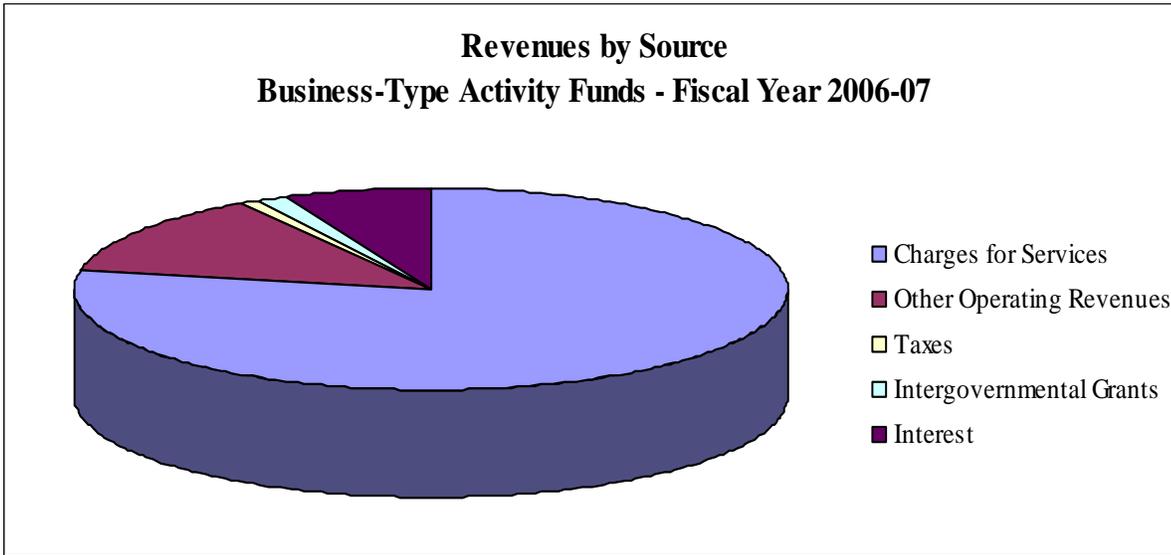
<b>Revenues by Source</b>	<b>2007</b>	<b>2006</b>	<b>% Change</b>
Operating Revenues			
Charges for Services	\$ 2,854,076	\$ 3,047,193	-6.3%
Other Operating Revenues	482,096	339,534	42.0%
Non-Operating Revenues			
Taxes	32,634	41,764	-21.9%
Intergovernmental Grants	49,500	-	n/a
Interest	241,562	126,004	91.7%
<b>Total Revenues</b>	<b>\$ 3,659,868</b>	<b>\$ 3,554,495</b>	<b>3.0%</b>

The \$105,000 net increase in business-type activities total revenues can be attributed to:

- An increase in rents collected at the Airport as a result of renegotiated leases and collections of past due amounts;
- Airport grants received from the State related to the East Hanger Project;
- Increased interest earnings, primarily as a result of increased cash balances in the Sewer Fund and higher portfolio yields experienced during Fiscal Year 2006-07; and
- A reduction in new sewer connection fees as a result of decreased development experienced citywide.

**CITY OF AUBURN**

Management Discussion and Analysis  
June 30, 2007



The following table presents expenses for the City’s Enterprise funds:

**Table 6**  
**Expenses by Type**  
**Enterprise Funds**  
**For the Fiscal Years Ended June 30,**

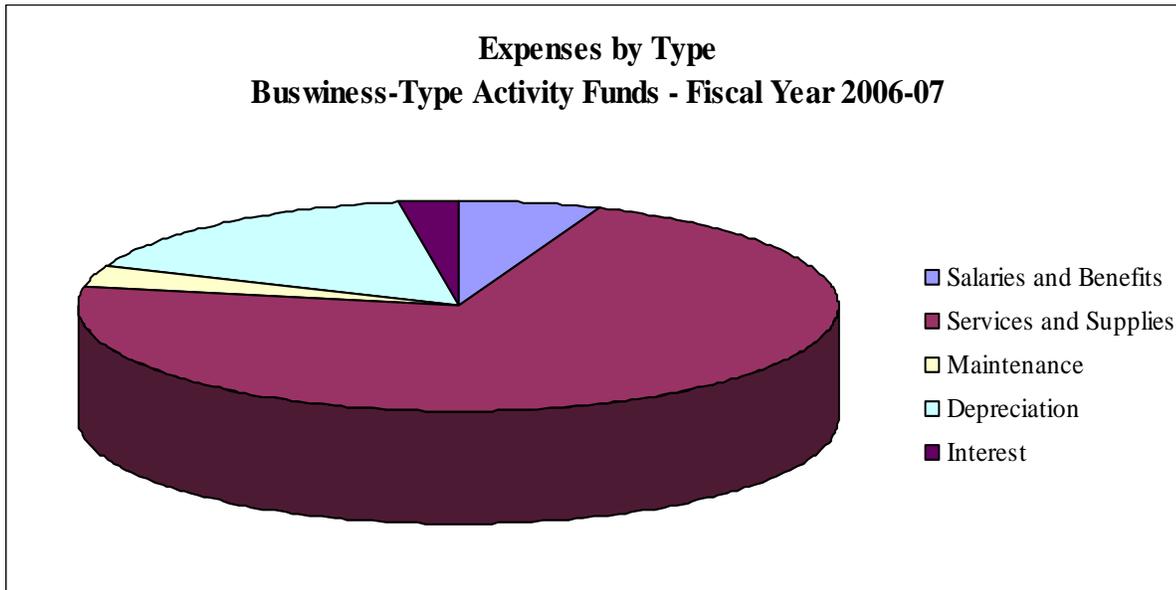
<b>Expenses by Type</b>	<u><b>2007</b></u>	<u><b>2006</b></u>	<u><b>% Change</b></u>
Operating Expenses			
Salaries and benefits	\$ 236,476	\$ 244,331	-3.2%
Services and supplies	2,778,803	1,843,108	50.8%
Maintenance	122,193	822,175	-85.1%
Depreciation	642,549	596,288	7.8%
Non-Operating Expenses			
Interest	92,548	121,404	-23.8%
<b>Total Expenses</b>	<u><u><b>\$ 3,872,569</b></u></u>	<u><u><b>\$ 3,627,306</b></u></u>	<u><u><b>6.8%</b></u></u>

# CITY OF AUBURN

## Management Discussion and Analysis June 30, 2007

The \$245,000 net increase in business-type activity fund expenses during the 2006-07 fiscal year can be primarily attributed to the following:

- An increase in depreciation due to the capitalization of additional assets in both the Airport and Sewer funds; and
- An increase in the third-party contract expense to operate the Sewer Fund's Wastewater Treatment Facility.



# CITY OF AUBURN

## Management Discussion and Analysis June 30, 2007

### CAPITAL ASSETS AND DEBT ADMINISTRATION

#### Capital Assets

Capital assets for the governmental and business-type activities are presented below to illustrate changes from the prior year:

**Table 7**  
**Capital Assets at End of Fiscal Year**

	Governmental Activities		Business-Type Activities	
	2007	2006	2007	2006
Land	\$ 350,000	\$ 350,000	\$ 2,874,395	\$ 2,874,395
Infrastructure	3,815,191	3,815,191	17,983,798	17,957,861
Buildings and improvements	5,230,205	5,230,205	-	-
Equipment	4,770,095	4,212,889	1,417,836	1,085,915
Construction in progress	5,044,628	3,522,049	4,327,813	2,463,492
Accumulated depreciation	(4,882,328)	(4,172,949)	(5,759,628)	(5,117,079)
<b>Total</b>	<b>\$ 14,327,791</b>	<b>\$ 12,957,384</b>	<b>\$ 20,844,214</b>	<b>\$ 19,264,584</b>

The City's investment in capital assets for its governmental type activities as of June 30, 2007 totaled approximately \$14.3 million (net of accumulated depreciation). The City's investment in capital assets for its business-type activities as of June 30, 2007 totaled approximately \$20.8 million (net of accumulated depreciation). The investment in capital assets includes land, infrastructure, buildings and improvements, equipment and construction in progress.

Major capital asset events during the fiscal year ended June 30, 2007 include:

- East Hanger Project at the Auburn Airport
- Canyon Court / Foresthill Avenue Sewer Lift Station
- Pond Lining for the Sewer Wastewater Treatment Facility
- Agard / High / Oakwood Traffic Signal
- Auburn School Park Preserve
- Acquisition of a Vactor Truck for the City's Sewer Enterprise
- Purchase of six vehicles for the City's Police Department

More detailed information about the City's capital assets is presented in Note 3 to the financial statements.

**CITY OF AUBURN**

Management Discussion and Analysis  
June 30, 2007

**Debt Administration**

The following schedule shows the changes in long-term debt for the fiscal year ended June 30, 2007.

**Table 8  
Long-Term Debt**

	<u>Balance July 1, 2006</u>	<u>Incurred</u>	<u>Retired</u>	<u>Balance June 30, 2007</u>
<b>Governmental Activities</b>				
General obligation bonds	\$ 420,000	\$ -	\$ (130,000)	\$ 290,000
Pension obligation bonds	4,965,000	-	65,000	4,900,000
Notes payable	68,580	-	(11,649)	56,931
Due to other agencies	84,121	-	(25,306)	58,815
Capital leases	356,739	-	(87,693)	269,046
Compensated absences	1,084,632	586,925	(569,098)	1,102,459
Landfill closure costs	1,583,221	-	(189,058)	1,394,163
<b>Total Governmental Activity</b>	<b><u>\$ 8,562,293</u></b>	<b><u>\$ 586,925</u></b>	<b><u>\$ (1,077,804)</u></b>	<b><u>\$ 8,071,414</u></b>
	<u>Balance July 1, 2006</u>	<u>Incurred</u>	<u>Retired</u>	<u>Balance June 30, 2007</u>
<b>Business-Type Activities</b>				
Notes payable	\$ 5,035,206	\$ -	\$ (344,072)	\$ 4,691,134
Compensated absences	27,300	19,692	(11,171)	35,821
<b>Total Business-type Activity</b>	<b><u>\$ 5,062,506</u></b>	<b><u>\$ 19,692</u></b>	<b><u>\$ (355,243)</u></b>	<b><u>\$ 4,726,955</u></b>

The City's total debt decreased by approximately \$826,000, primarily as a result of retiring recurring debt related to general and pension obligation bonds and capital leases; and reduction of future costs associated with the closure of a City landfill.

Additional information on the City's long-term debt is presented in Note 5 to the financial statements.

## **CITY OF AUBURN**

### **Management Discussion and Analysis June 30, 2007**

#### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The City's budget is customarily presented to and adopted by the City Council prior to the beginning of the each fiscal year that begins July 1 and ends on June 30. The City Council approved the budget in June 2006. Subsequent to the adoption of the annual budget, the budget is reviewed at the end of each fiscal quarter, and necessary budget adjustments are recommended for approval by the City Council. Budget adjustments were considered and approved by the City Council on February 26, 2007 and August 27, 2007.

As a result of the quarterly budget recommendations approved by the City Council, the general fund total revenue budget increased by approximately \$350,000, while the general fund expenditure budget increased by approximately \$630,000. Final General Fund revenues exceeded budgeted revenues by approximately \$70,000 while final General Fund appropriations were less than budgeted appropriations by \$102,000.

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

As in past budgets, the Fiscal Year 2007-08 Operating Budget focuses on City Council priorities, directing resources to essential services and basic infrastructure requirements. In an effort to deliver a consistent level of citywide services expected by the community, the City's \$10.7 million General Fund budget for Fiscal Year 2007-08 was balanced using unreserved fund balance of \$250,000.

Revenue growth rates for sales tax, property tax and development-related fees experienced in prior years are not expected to continue in the wake of tightening credit markets and a downturn in the overall housing markets. To prevent further earmarking of fund balance which may be required to balance future budgets, the City is expected to review citywide programs consistent with cost effectiveness and efficiency.

At this time, the City's overall financial condition remains sound, and adequate cash reserves are maintained to meet the long term debt service and equipment replacement requirements.

All of the above information was considered in preparing the City's budget for Fiscal Year 2007-08.

## **CITY OF AUBURN**

Management Discussion and Analysis  
June 30, 2007

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and investors and creditors with a general overview of the City's finances, and to show the City's accountability for the money it receives. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to:

City of Auburn  
Office of the Administrative Services Director  
1225 Lincoln Way, Room 1  
Auburn, CA 95603  
(530) 823-4211 extension 110

Or, you may visit the City's website at [www.auburn.ca.us](http://www.auburn.ca.us) for contact information.

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**Comprehensive Annual Financial Report**  
For Fiscal Year Ended June 30, 2007

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**Basic Financial Statements**  
**Government-Wide Financial Statements**



## CITY OF AUBURN

### Statement of Net Assets June 30, 2007

	Primary Government		
	Governmental Activities	Business-Type Activities	Totals
<b>Assets</b>			
Cash and investments	\$ 5,709,610	\$ 3,619,375	\$ 9,328,985
Restricted cash and investments	1,210,922	44,590	1,255,512
Insurance deposits	391,734	--	391,734
Accounts receivable	205,442	114,641	320,083
Taxes receivable	827,896	--	827,896
Due from other agencies	142,999	10,000	152,999
Loans receivable	544,969	--	544,969
Deferred costs	125,118	622,328	747,446
Prepaid expenses	1,552,458	11,958	1,564,416
Internal balances	42,753	(42,753)	--
Net pension asset	4,833,924	--	4,833,924
Capital assets:			
Nondepreciable	5,394,628	7,202,208	12,596,836
Depreciable, net	8,933,163	13,642,006	22,575,169
Total assets	\$ 29,915,616	\$ 25,224,353	\$ 55,139,969
<b>Liabilities</b>			
Accounts payable	\$ 440,501	\$ 87,181	\$ 527,682
Deposits	132,138	31,340	163,478
Interest payable	273,573	22,375	295,948
Unearned revenue	622,372	--	622,372
Closure/post closure liability			
Due within one year	176,700	--	176,700
Due in more than one year	1,217,463	--	1,217,463
Long-term liabilities			
Due within one year	658,889	359,273	1,018,162
Due in more than one year	6,018,362	4,367,682	10,386,044
Total liabilities	9,539,998	4,867,851	14,407,849
<b>Net Assets</b>			
Invested in capital assets, net of related debt	13,711,814	16,775,408	30,487,222
Restricted for:			
Public safety	1,526,364	--	1,526,364
Transportation projects	56,472	--	56,472
Community resources & facilities	1,557,304	--	1,557,304
Capital projects	1,236,642	--	1,236,642
Debt service	285,509	--	285,509
Other	--	13,250	13,250
Unrestricted	2,001,513	3,567,844	5,569,357
Total net assets	20,375,618	20,356,502	40,732,120
Total liabilities and net assets	\$ 29,915,616	\$ 25,224,353	\$ 55,139,969

The accompanying notes are an integral part of these financial statements.

**CITY OF AUBURN**

Statement of Activities  
For the Year Ended June 30, 2007

<b>Functions/Programs</b>	Program Revenues			
Expenses	Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government:				
Governmental Activities:				
General government	\$ 2,325,979	\$ 391,510	\$ 104,478	\$ --
Public safety	5,916,568	167,362	598,328	--
Transportation	4,343,717	97,042	1,805,673	1,284,923
Community development	1,748,798	513,221	34,830	--
Recreation and culture	20,654	19,885	--	--
Interest on long-term debt	575,295	--	--	--
Total governmental activities	14,931,011	1,189,020	2,543,309	1,284,923
Business-Type Activities:				
Auburn Municipal Airport	740,501	14,887	49,500	1,063,925
Wastewater Treatment	3,132,068	2,861,434	--	--
Total business-type activities	3,872,569	2,876,321	49,500	1,063,925
Total primary government	\$ 18,803,580	\$ 4,065,341	\$ 2,592,809	\$ 2,348,848
General Revenues:				
Taxes:				
Property taxes				
Sales and use taxes				
In-lieu sales taxes				
Franchise taxes				
Other				
Rents				
Unrestricted interest and investment earnings				
Miscellaneous revenues				
Transfers				
Total general revenues and transfers				
Change in net assets				
Net assets, beginning of year				
Net assets, end of year				

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and  
Changes in Net Assets

Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (1,829,991)	\$ --	\$ (1,829,991)
(5,150,878)	--	(5,150,878)
(1,156,079)	--	(1,156,079)
(1,200,747)	--	(1,200,747)
(769)	--	(769)
(575,295)	--	(575,295)
(9,913,759)	--	(9,913,759)
--	387,811	387,811
--	(270,634)	(270,634)
--	117,177	117,177
(9,913,759)	117,177	(9,796,582)
4,085,695	32,634	4,118,329
3,005,226	--	3,005,226
1,376,879	--	1,376,879
648,170	--	648,170
317,017	--	317,017
312,911	459,851	772,762
379,293	241,562	620,855
102,009	--	102,009
2,214	(2,214)	--
10,229,414	731,833	10,961,247
315,655	849,010	1,164,665
20,059,963	19,507,492	39,567,455
\$ 20,375,618	\$ 20,356,502	\$ 40,732,120

The accompanying notes are an integral part of these financial statements.

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**Comprehensive Annual Financial Report**  
For Fiscal Year Ended June 30, 2007

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**Basic Financial Statements**  
**Fund Financial Statements**



## CITY OF AUBURN

### Balance Sheet Governmental Funds June 30, 2007

	General Fund	Small Business Loans	Other Governmental Funds	Total
<b>ASSETS</b>				
Cash and investments	\$ 2,238,722	\$ 130,567	\$ 3,340,321	\$ 5,709,610
Restricted cash and investments	43,200	--	1,167,722	1,210,922
Insurance deposits	391,734	--	--	391,734
Accounts receivable	116,486	--	88,956	205,442
Taxes receivable	766,411	--	61,485	827,896
Due from other agencies	76,973	--	66,026	142,999
Due from other funds	62,243	--	--	62,243
Loans receivable	--	544,969	--	544,969
Prepaid expenses	1,552,458	--	--	1,552,458
	<b>\$ 5,248,227</b>	<b>\$ 675,536</b>	<b>\$ 4,724,510</b>	<b>\$ 10,648,273</b>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 338,393	\$ --	\$ 102,108	\$ 440,501
Deposits	130,820	--	1,318	132,138
Due to other funds	--	--	19,490	19,490
Unearned revenues	--	544,969	77,403	622,372
Total liabilities	469,213	544,969	200,319	1,214,501
Fund balances:				
Reserved:				
Imprest cash	250	--	--	250
Prepaid expenses	1,552,458	--	--	1,552,458
Insurance deposits	391,734	--	--	391,734
Unreserved:				
Designated	2,250,000	--	--	2,250,000
Undesignated and reported in:				
General fund	584,572	--	--	584,572
Special revenue funds	--	130,567	3,002,040	3,132,607
Debt service funds	--	--	285,509	285,509
Capital projects funds	--	--	1,236,642	1,236,642
Total fund balances	4,779,014	130,567	4,524,191	9,433,772
	<b>\$ 5,248,227</b>	<b>\$ 675,536</b>	<b>\$ 4,724,510</b>	<b>\$ 10,648,273</b>

The accompanying notes are an integral part of these financial statements.

**CITY OF AUBURN**

Reconciliation of the Governmental Funds Balance Sheet  
to the Government-Wide Statement of Net Assets - Governmental Activities  
June 30, 2007

Fund Balance - total governmental funds	\$ 9,433,772
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	14,327,791
Net pension assets and deferred costs in governmental activities are not financial resources and, therefore, are not reported in the governmental funds.	4,959,042
Interest payable on long-term debt does not require the use of current financial resources and, therefore, is not accrued as a liability in the governmental funds.	(273,573)
Long-term liabilities are not due and payable in the current period, and therefore are not reported in the governmental funds.	
Bonds payable	(5,190,000)
Loan payable	(56,931)
Capital leases	(269,046)
Due to other agencies	(58,815)
Landfill closure costs	(1,394,163)
Compensated absences	<u>(1,102,459)</u>
Net assets of governmental activities	<u>\$ 20,375,618</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF AUBURN**

Statement of Revenues, Expenditures and Changes in Fund Balances  
Governmental Funds  
For the Year Ended June 30, 2007

	General Fund	Small Business Loans	Other Governmental	Total
<b>Revenues</b>				
Taxes	\$ 8,514,855	\$ --	\$ 918,132	\$ 9,432,987
Licenses and permits	491,859	--	284,081	775,940
Fines, forfeitures and penalties	144,568	--	--	144,568
Use of money and property	421,837	23,157	247,210	692,204
Intergovernmental	353,025	34,830	3,440,377	3,828,232
Charges for services	234,051	--	34,461	268,512
Other revenues	85,209	--	16,800	102,009
Total revenues	10,245,404	57,987	4,941,061	15,244,452
<b>Expenditures</b>				
Current:				
General government	2,224,760	--	--	2,224,760
Public safety	5,215,304	--	527,209	5,742,513
Transportation	1,844,330	--	2,524,096	4,368,426
Community development	885,230	376,277	475,746	1,737,253
Recreation and culture	--	--	20,654	20,654
Debt Service:				
Principal	65,000	--	249,909	314,909
Interest	269,487	--	43,683	313,170
Capital outlay	262,000	--	1,540,529	1,802,529
Total expenditures	10,766,111	376,277	5,381,826	16,524,214
Excess (Deficiency) of Revenues Over (Under) Expenditures	(520,707)	(318,290)	(440,765)	(1,279,762)
<b>Other Financing Sources (Uses)</b>				
Transfers in	100,000	--	192,399	292,399
Transfers out	(30,444)	(2,188)	(257,553)	(290,185)
Total other financing sources (uses)	69,556	(2,188)	(65,154)	2,214
Net change in fund balances	(451,151)	(320,478)	(505,919)	(1,277,548)
Fund balances, beginning of year	5,230,165	451,045	5,030,110	10,711,320
Fund balances, end of year	\$ 4,779,014	\$ 130,567	\$ 4,524,191	\$ 9,433,772

The accompanying notes are an integral part of these financial statements.

**CITY OF AUBURN**

Reconciliation of the Statement of Revenues, Expenditures, and  
Changes in Fund Balances of Governmental Funds to the  
Government-Wide Statement of Activities - Governmental Activities  
For the Year Ended June 30, 2007

Net change to fund balance - total governmental funds \$ (1,277,548)

Amounts reported for governmental activities in the statement of activities are different because:

Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Expenditures for general capital assets, infrastructure, and other related capital assets adjustments	2,079,786	
Less: current year depreciation	(709,379)	1,370,407

Long-term debt proceeds provide current resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net assets. Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net assets. Also, governmental funds report the effect of issuance costs when debt is first issued, whereas these amounts are deferred and amortized in the statement of of activities.

Principal repayments:		
Bonds payable	195,000	
Loan payable	11,649	
Capital leases	87,693	
Due to other agencies	25,306	319,648
Bond issuance costs		(5,958)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in compensated absences	(17,827)	
Change in accrued landfill closure costs	189,058	
Change in accrued interest payable	(262,125)	(90,894)

Change in net assets of governmental activities		\$ 315,655
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The accompanying notes are an integral part of these financial statements.

**CITY OF AUBURN**

Statement of Fund Net Assets  
Proprietary Funds  
June 30, 2007

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Airport</u>	<u>Sewer</u>	<u>Total</u>
<b>Assets</b>			
Current assets:			
Cash and investments	\$ --	\$ 3,619,375	\$ 3,619,375
Accounts receivable	--	114,641	114,641
Due from other agencies	10,000	--	10,000
Prepaid expenses	11,958	--	11,958
	<hr/>	<hr/>	<hr/>
Total current assets	21,958	3,734,016	3,755,974
Noncurrent assets:			
Restricted cash	44,590	--	44,590
Deferred interest	--	622,328	622,328
Capital assets:			
Nondepreciable	6,076,027	1,126,181	7,202,208
Depreciable, net	5,028,816	8,613,190	13,642,006
	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 11,171,391</u>	<u>\$ 14,095,715</u>	<u>\$ 25,267,106</u>
<b>Liabilities</b>			
Current Liabilities:			
Accounts payable	\$ 66,804	\$ 20,377	\$ 87,181
Deposits	31,340	--	31,340
Interest payable	22,375	--	22,375
Due to other funds	42,753	--	42,753
Compensated absences, current portion	4,296	5,768	10,064
Notes payable, current portion	66,975	282,234	349,209
	<hr/>	<hr/>	<hr/>
Total current liabilities	234,543	308,379	542,922
Noncurrent liabilities:			
Compensated absences	15,913	9,844	25,757
Notes payable	890,269	3,451,656	4,341,925
	<hr/>	<hr/>	<hr/>
Total liabilities	1,140,725	3,769,879	4,910,604
<b>Net Assets</b>			
Invested in capital assets, net of related debt	10,147,599	6,627,809	16,775,408
Restricted for lease deposits	13,250	--	13,250
Unrestricted	(130,183)	3,698,027	3,567,844
	<hr/>	<hr/>	<hr/>
Total net assets	10,030,666	10,325,836	20,356,502
	<hr/>	<hr/>	<hr/>
Total liabilities and net assets	<u>\$ 11,171,391</u>	<u>\$ 14,095,715</u>	<u>\$ 25,267,106</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF AUBURN**

Statement of Revenues, Expenses and Changes in Fund Net Assets  
Proprietary Funds  
For the Year Ended June 30, 2007

	<u>Business-type Activities - Enterprise Funds</u>		
	<u>Airport</u>	<u>Sewer</u>	<u>Total</u>
<b>Operating Revenues:</b>			
Charges for services			
User fees and charges	\$ 14,887	\$ 2,839,189	\$ 2,854,076
Rents and concession	459,851	--	459,851
Miscellaneous	--	22,245	22,245
Total operating revenues	<u>474,738</u>	<u>2,861,434</u>	<u>3,336,172</u>
<b>Operating Expenses:</b>			
Salaries and benefits	107,676	128,800	236,476
Services and supplies	192,084	2,586,719	2,778,803
Maintenance	115,707	6,486	122,193
Depreciation	279,526	363,023	642,549
Total operating expenses	<u>694,993</u>	<u>3,085,028</u>	<u>3,780,021</u>
Operating income (loss)	<u>(220,255)</u>	<u>(223,594)</u>	<u>(443,849)</u>
<b>Nonoperating Revenues (Expenses):</b>			
Taxes	32,634	--	32,634
Intergovernmental grants	49,500	--	49,500
Interest revenue	(17,435)	258,997	241,562
Interest expense	(45,508)	(47,040)	(92,548)
Total nonoperating revenues (expenses)	<u>19,191</u>	<u>211,957</u>	<u>231,148</u>
Income (Loss) Before Capital Contributions and Transfers	(201,064)	(11,637)	(212,701)
Capital contributions	1,063,925	--	1,063,925
Transfers out	--	(2,214)	(2,214)
Change in net assets	862,861	(13,851)	849,010
Net assets, beginning of year	<u>9,167,805</u>	<u>10,339,687</u>	<u>19,507,492</u>
Net assets, end of year	<u>\$ 10,030,666</u>	<u>\$ 10,325,836</u>	<u>\$ 20,356,502</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF AUBURN**

Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2007

	Business-Type Activities - Enterprise Funds		
	Airport	Sewer	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>			
Cash receipts from customers and users	\$ 477,411	\$ 2,859,696	\$ 3,337,107
Cash paid to suppliers for goods and services	(320,116)	(2,707,735)	(3,027,851)
Cash paid to employees for salaries and benefits	(104,453)	(123,502)	(227,955)
Net cash provided (used) by operating activities	52,842	28,459	81,301
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>			
Taxes received	32,634	--	32,634
Noncapital grants received from other agencies	39,500	--	39,500
Cash received from other funds	42,753	--	42,753
Cash paid to other funds	(103,840)	(2,214)	(106,054)
Net cash provided (used) by noncapital financing activities	11,047	(2,214)	8,833
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES:</b>			
Capital grants	1,063,925	--	1,063,925
Principal paid on notes payable	(61,838)	(282,234)	(344,072)
Interest payments on notes payable	(47,409)	--	(47,409)
Acquisition of capital assets	(998,382)	(1,170,445)	(2,168,827)
Net cash provided (used) by capital and related financing activities	(43,704)	(1,452,679)	(1,496,383)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Interest on investments	(17,435)	258,996	241,561
Net cash provided by investing activities	(17,435)	258,996	241,561
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	2,750	(1,167,438)	(1,164,688)
Cash and cash equivalents, beginning of year	41,840	4,786,813	4,828,653
<b>Cash and cash equivalents, end of year</b>	\$ 44,590	\$ 3,619,375	\$ 3,663,965

The accompanying notes are an integral part of these financial statements.

continued

**CITY OF AUBURN**

Statement of Cash Flows (continued)  
 Proprietary Funds  
 For the Year Ended June 30, 2006

	Business-type Activities - Enterprise Funds		
	Airport	Sewer	Total
<b>Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:</b>			
Operating income (loss)	\$ (220,255)	\$ (223,594)	\$ (443,849)
Adjustments to reconcile operating income (loss) to cash flows from operating activities:			
Depreciation	279,526	363,023	642,549
Changes in assets and liabilities:			
(Increase) decrease in:			
Accounts receivable	523	(1,738)	(1,215)
Prepaid expense	209	--	209
Increase (decrease) in:			
Accounts payable	(12,534)	(114,530)	(127,064)
Deposits	2,150	--	2,150
Compensated absences	3,223	5,298	8,521
	<u>\$ 52,842</u>	<u>\$ 28,459</u>	<u>\$ 81,301</u>
<b>Net Cash Provided (Used) by Operating Activities</b>			
	<u>\$ 52,842</u>	<u>\$ 28,459</u>	<u>\$ 81,301</u>
<b>Noncash investing, capital and financing activities:</b>			
Amortization of deferred interest	\$ --	\$ 47,081	\$ 47,081
	<u>\$ --</u>	<u>\$ 47,081</u>	<u>\$ 47,081</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF AUBURN**

Statement of Fiduciary Net Assets  
Fiduciary Funds  
June 30, 2007

	Private-Purpose Trust Funds	Agency Funds
	<u>                    </u>	<u>                    </u>
<b>Assets</b>		
Current Assets:		
Cash and investments	\$ 72,086	\$ 29,928
Accounts receivable	--	9,837
	<u>                    </u>	<u>                    </u>
Total assets	<u>\$ 72,086</u>	<u>\$ 39,765</u>
<b>Liabilities</b>		
Current Liabilities:		
Accounts payable	\$ --	\$ 10,991
Agency obligations	--	28,774
	<u>                    </u>	<u>                    </u>
Total liabilities	--	39,765
<b>Net Assets</b>		
Net assets held in trust for other purposes	<u>72,086</u>	<u>--</u>
	<u>                    </u>	<u>                    </u>
Total liabilities and net assets	<u>\$ 72,086</u>	<u>\$ 39,765</u>

The accompanying notes are an integral part of these financial statements.

**CITY OF AUBURN**

Statement of Changes in Fiduciary Net Assets  
For the Year Ended June 30, 2007

	<u>Private-Purpose Trust Funds</u>
<b>ADDITIONS:</b>	
Interest and investment income	\$ 2,712
Contributions from participants	<u>46,920</u>
Total Additions	49,632
<b>DEDUCTIONS:</b>	
Distributions to participants	<u>--</u>
Change in net assets	49,632
Net assets, beginning of year	<u>22,454</u>
Net assets, end of year	<u><u>\$ 72,086</u></u>

The accompanying notes are an integral part of these financial statements.

## **NOTES TO FINANCIAL STATEMENTS**

The notes provided in the financial section of this report are considered an integral and essential part of adequate disclosure and fair presentation of this report. The notes include a summary of significant accounting policies for the City, and other necessary disclosure of pertinent matters relating to the financial position of the City. The notes express significant insight to the financial statements and are conjunctive to understanding the rationale for presentation of the financial statements and information contained in this document.

# CITY OF AUBURN

## Notes to Financial Statements June 30, 2007

### Note 1: **Summary of Significant Accounting Policies**

#### A. **The Financial Reporting Entity**

The City of Auburn (City), California was incorporated in 1888. The City operates under the Council-Manager form of government and provides the following services: public safety (police and fire), highways and streets, health and social services, culture-recreation, public improvements, planning and zoning and general administration services.

The financial statements presented herein include all of the funds relevant to the operations of the City. The City's fiscal year begins July 1 and ends on June 30.

The accounting methods and procedures adopted by the City of Auburn conform to generally accepted accounting principles as applied to governmental entities. These financial statements present the government and its component units, entities for which the government is considered to be financially accountable under criteria set by Government Accounting Standards Board (GASB) Statement No. 14. Reporting for component units on the City's financial statements can be blended or discretely presented. Blended component units, although legally separate entities are, in substance, part of government's operations. Blended component units are an extension of the City and so data from these units is combined with data of the primary government. Discretely presented component units, on the other hand, are reported in a separate column in the combined financial statements to emphasize that they are legally separate from the City.

#### **Blended Component Units**

Auburn Urban Development Authority is a blended component unit because it is governed by a five-member board composed of the four city council members and the mayor. The Authority is a public instrumentality, organized and existing pursuant to the laws of the State of California for the purpose of eliminating blight through the process of redevelopment. Financial statements of the Authority can be obtained from the City of Auburn Administrative Services Department, 1225 Lincoln Way, Auburn, CA 95603.

#### **Discretely Presented Component Units**

There are no component units of the City which meet the criteria for discrete presentation.

# CITY OF AUBURN

Notes to Financial Statements  
June 30, 2007

Note 1: **Summary of Significant Accounting Policies** (continued)

## B. Basis of Presentation

### *Government-Wide Financial Statements*

The statement of net assets and statement of activities display information about the primary government and its blended component units. These statements include the financial activities of the overall government, except for fiduciary activities. These statements distinguish between the *governmental* and *business-type activities* of the City. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees charged to external parties.

The statement of activities demonstrates the degree to which the program expenses of a given function are offset by program revenues. Program expenses include direct expenses, which are clearly identifiable with a specific function, and allocated indirect expenses. Program revenues include 1) charges paid by the recipients of goods or services offered by the programs and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, including all taxes, are presented instead as general revenues.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments for services where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's funds. Elimination of these charges would distort the direct costs and program revenues reported for the various functions.

When both restricted and unrestricted net assets are available, unrestricted net assets are used only after restricted resources are depleted.

### *Fund Financial Statements*

The fund financial statements provide information about the City's funds, including fiduciary funds and blended component units. Separate statements for each fund category – *governmental, proprietary and fiduciary* – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are separately aggregated and reported as nonmajor funds.

Proprietary funds distinguish operating revenues and expenses from nonoperating items.

# CITY OF AUBURN

## Notes to Financial Statements June 30, 2007

Note 1: **Summary of Significant Accounting Policies** (continued)

### B. **Basis of Presentation** (continued)

#### *Fund Financial Statements* (continued)

Proprietary fund *operating* revenues, such as charges for services, result from exchange transactions associated with the principal activity of the fund. Exchange transactions are those in which each party receives and gives up essentially equal values. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. *Nonoperating* revenues, such as subsidies and investment earnings, result from nonexchange transactions or ancillary activities. All revenues and expenses not meeting the definition of operating revenues and expenses are reported as nonoperating.

The City reports the following major governmental funds:

- The *General Fund* is used to account for all revenues and expenditures necessary to carry out basic governmental activities of the City that are not accounted for through other funds. For the City, the General Fund includes such activities as general government, public safety, public ways and facilities, community development, health and sanitation and culture-recreation services.
- The *Small Business Loans (Community Development Block Grant) Fund* is used to account for monies received from the State and Federal Governments and loaned by the City to individuals and businesses to encourage small business growth. Funds, when repaid, are provided to new businesses.

The City reports the following major enterprise funds:

- The *Airport Fund* was established to account for the operation and maintenance of the City's general aviation airport serving recreation, commuter, limited air cargo and public safety needs.
- The *Sewer Fund* was established to account for the building, operating and maintaining of the City's sewer treatment plant and collection system.

The City reports the following additional fund types:

- *Private Purpose Trust Funds* account for property held under trust agreements under which principal and income benefit individuals, private organizations or other governments. Private purpose funds include the Signature Theatre Sewer Reimbursement Fund, the Southwest Specific Plan Fund and the Auburn Police Officers' Association Medical Services Plan Fund.

# CITY OF AUBURN

## Notes to Financial Statements June 30, 2007

Note 1: **Summary of Significant Accounting Policies** (continued)

**B. Basis of Presentation** (continued)

*Fund Financial Statements* (continued)

- The *Agency Funds* account for resources held by the City as a trustee or an agent for individuals, private organizations, and other governmental entities. These resources include payroll deduction and collection clearing funds and various fees collected on behalf of other agencies.

**C. Basis of Accounting**

The government-wide, proprietary and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting.

Revenues are recorded when earned and expenses are recorded at the time liabilities are incurred, regardless of when the related cash flows take place. Nonexchange transactions, in which the City gives (or receives) value without directly receiving (or giving) equal value in exchange, include property and sales taxes, grants, entitlements and donations. On an accrual basis, revenue from property taxes is recognized in the fiscal year for which the taxes are levied. Revenues from sales taxes are recognized when the underlying transactions take place. Revenues from grants, entitlements and donations are recognized in the fiscal year in which all eligible requirements have been satisfied.

Governmental funds are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Under this method, revenues are recognized when measurable and available. Property and sales taxes, interest, certain state and federal grants and charges for services are considered susceptible to accrual and are accrued when their receipt occurs within sixty days after the end of the accounting period so as to be measurable and available. Expenditures are generally recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures as well as expenditures related to compensated absences, claims and judgments are recorded only when payment is due. General capital assets acquisitions are reported as expenditures in governmental funds. Issuance of general long-term debt and capital leases are reported as other financial sources.

For its business-type activities and enterprise funds, the City has elected under Governmental Accounting Standards Board (GASB) Statement No. 20, *Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities that Use Proprietary Fund Accounting*, to apply all applicable GASB pronouncements as well as any applicable pronouncements of the Financial Accounting Standards Board, the Accounting Principles Board or any Accounting Research Bulletins issued on or

# CITY OF AUBURN

## Notes to Financial Statements June 30, 2007

Note 1: **Summary of Significant Accounting Policies** (continued)

**C. Basis of Accounting** (continued)

before November 30, 1989 unless those pronouncements conflict with or contradict GASB pronouncements. The GASB periodically updates its codification of the existing Governmental Accounting and Financial Reporting Standards which, along with subsequent GASB pronouncements (Statements and Interpretations), constitutes Generally Accepted Accounting Principles (GAAP) for governmental units.

**D. Cash and Investments**

The City maintains a cash and investment pool that is available for use by all funds. Interest from bank accounts and investments are allocated to the various funds based on average balances of the funds entitled to receive interest.

Except for investments in external investment pools, the City has stated required investments at fair values as required by GASB Statement No. 31. Fair value is based on published market prices and quotations from major investment brokers. Investments in external investment pools are stated at amortized cost, which approximates fair value.

For purposes of the Statement of Cash Flows, the proprietary funds consider all highly liquid investments, including restricted cash and investments, with original maturity of three months or less and amounts held in the City's investment pool to be cash and cash equivalents.

**E. Receivables and Unearned Revenue**

Receivables consist mostly of property taxes, sales taxes, franchise fees, grants and utility billings. Management believes its receivables are fully collectible and, accordingly, no allowances for doubtful accounts is required.

The City reports unearned revenue on its financial statements. Unearned revenues arise when a potential revenue does not meet both the "measurable" and "available" criteria for recognition in the current period. Unearned revenues also arise when the City receives resources before it has a legal claim to them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, when both revenue recognition criteria are met, or when the City has a legal claim to the resources, the liability unearned revenue is removed from the financial statements and revenue is recognized.

**CITY OF AUBURN**

Notes to Financial Statements  
June 30, 2007

Note 1: **Summary of Significant Accounting Policies** (continued)

**F. Prepaids**

Certain payments made to vendors reflect costs applicable to future accounting periods and are reported as prepaids in both the government-wide and fund financial statements. Prepaid items as reported in the financial statements are offset by a reservation of fund balance for noncurrent assets in government funds to indicate that they do not constitute resources available for appropriation.

**G. Capital Assets**

Capital assets (including infrastructure) are recorded at historical or estimated cost. Contributed capital assets are valued at their estimated fair market value on the date contributed. Capital assets include public domain (infrastructure) consisting of certain improvements including roads, bridges, water/sewer, lighting system, drainage systems, and flood control.

The City's policy is to capitalize all capital assets with a cost of \$5,000 or more and having an estimated useful life greater than one year. The straight-line method of depreciation is used for capital assets and infrastructure.

Maintenance and repairs are charged to expense as incurred. Significant renewals or betterments are capitalized and depreciated over their estimated useful lives. Costs incurred for major improvements or construction of capital assets are carried in construction in progress until the project is completed at which time cost related to the project are capitalized.

The estimated useful lives are as follows:

Infrastructure	40 years
Buildings and improvements	40 years
Equipment	5 to 10 years

The City has five networks of infrastructure assets – roads, water/sewer, lighting, drainage, and flood control.

**H. Compensated Absences**

Employees accrue vacation, sick and compensatory time off benefits. An employee may accumulate vacation time equal to the amount that can be earned in a two-year period. Vacation pay is paid upon separation of service or retirement. Sick leave benefits may be applied to earlier retirement. Upon termination, sick leave benefits in excess of a specified maximum are paid.

# CITY OF AUBURN

## Notes to Financial Statements June 30, 2007

Note 1: **Summary of Significant Accounting Policies** (continued)

### H. **Compensated Absences** (continued)

All vacation and sick leave is accrued when incurred in the government-wide and proprietary fund statements. In governmental funds, the cost of vacation and sick leave benefits is recognized when payments are made to employees.

### I. **Interfund Balances**

Interfund transactions are reflected as either loans, services provided, reimbursements or transfers. Loans are reported as receivable and payable as appropriate, are subject to elimination upon consolidation and are referred to as either “due to/due from other funds” (i.e., the current portion of interfund loans) or “advances to/from other funds” (i.e., the noncurrent portion of interfund loans). Any residual balances outstanding between the governmental activities and the business-type activities are reported in the government-wide financial statements as “internal balances”. Advances between funds, are reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not available financial resources.

Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures/expenses. Reimbursements are when one fund incurs a cost, charges the appropriate benefiting fund and reduces its related cost as a reimbursement.

All other interfund transactions are treated as transfers. Transfers between governmental or proprietary funds are netted as part of the reconciliation to the government-wide presentation.

### J. **Property Tax Revenues**

Property taxes attach as an enforceable lien on property as of January 1<sup>st</sup>. Taxes are levied on July 1<sup>st</sup> and are payable in two installments on December 10<sup>th</sup> and April 10<sup>th</sup>.

The County of Placer is responsible for the collection and allocation of property taxes. Under California law, property taxes are assessed and collected by the County up to 1% of the full cash value of taxable property, plus other increases approved by the voters and distributed in accordance with statutory formulas. The City recognizes property taxes when the individual installments are due provided they are collected within 60 days after year-end.

**CITY OF AUBURN**

Notes to Financial Statements  
June 30, 2007

Note 1: **Summary of Significant Accounting Policies** (continued)

**J. Property Tax Revenues** (continued)

The City participates in an alternative method of distribution of property tax levies and assessments known as the “Teeter Plan.” The State Revenue and Taxation Code allows counties to distribute secured real property and assessment and supplemental property taxes on an accrual basis resulting in full payment to cities each fiscal year. Any subsequent delinquent payments, penalties and interest during a fiscal year will revert to the County.

**K. Use of Estimates**

The preparation of financial statements in conformity with GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts or revenues and expenses during the reporting period. Actual results could differ from those estimates.

Note 2: **Cash and Investments**

The City’s deposit and investment balances as of June 30, 2007, consisted of the following:

Cash on hand	\$	250
Deposits		1,172,464
Investments		<u>9,513,797</u>
Total Cash and Investments		<u>\$ 10,686,511</u>

Total cash and investments were classified and reported on the City’s financial statements as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total Cash and Investments</u>
Governmental activities	\$ 5,709,610	\$ 1,210,922	\$ 6,920,532
Business-type activities	3,619,375	44,590	3,663,965
Fiduciary funds	<u>102,014</u>	<u>--</u>	<u>102,014</u>
Total Cash and Investments	<u>\$ 9,430,999</u>	<u>\$ 1,255,512</u>	<u>\$ 10,686,511</u>

# CITY OF AUBURN

## Notes to Financial Statements June 30, 2007

### Note 2: **Cash and Investments** (continued)

Cash and investments of \$1,210,922 for governmental funds was restricted for future post-closure costs. Cash and investments of \$44,590 for business-type activities consisted of tenant deposits held in connection with airport hangar rentals.

#### **Custodial Credit Risk of Cash Deposits**

Custodial credit risk for deposits is the risk that, in the event of the failure of a depository financial institution, the City will not be able to recover its deposits or will not be able to recover collateral securities that are in the possession of an outside party. The California Government Code requires that a financial institution secure the City's cash deposits by pledging securities in an undivided collateral pool held by a depository regulated under state law. The market value of pledged securities in the collateral pool must equal at least 110% of the City's cash deposits. California law also allows institutions to secure City deposits by pledging first trust deed mortgage notes having a value of 150% of the City's total cash deposits.

At June 30, 2007, the recorded amount of the City's deposits was \$1,172,464 and the bank balance was \$1,576,462. The entire bank balance was covered by Federal Depository Insurance Corporation (FDIC) or the multiple financial institution collateral pool that insures public deposits.

#### **Investments**

The City invests funds through pooling of monies. The pooling of monies, referred to as an internal investment pool, is theoretically invested on the whole and not as a combination of monies from each fund belonging to the pool. In this manner, the City's Treasurer is able to invest the monies at a higher interest rate for a longer period of time. Interest revenue is apportioned quarterly to each fund in the pool based on the average cash balance of the fund for the quarter. The City investment pool is not registered with the Securities and Exchange Commission as an investment company.

#### *Investments Authorized by the California Government Code and the City's Investment Policy*

The table below identifies the investment types that are authorized for the City by the California Government Code or the City's investment policy, where more restrictive.

The table also identifies certain provisions of the County's investment policy that address interest rate risk, credit risk, and concentration risk.

# CITY OF AUBURN

## Notes to Financial Statements June 30, 2007

Note 2: **Cash and Investments** (continued)

### **Investments** (continued)

*Investments Authorized by the California Government Code and the City's Investment Policy (continued)*

Authorized Investment Type	Maximum Maturity	Maximum Percentage of Portfolio	Maximum Investment in One Issuer
U.S. Treasury Obligations	5 years	None	None
U.S. Agency Securities	5 years	None	None
City or City Agency Bonds	5 years	5%	5%
California State Bonds	5 years	5%	5%
Local Agency Bonds (CA only)	5 years	15%	5%
Banker's Acceptances	180 days	40%	30%
Commerical Paper	270 days	25%	10%
Negotiable Certificates of Deposit	180 days	30%	10%
Time deposits, under \$100,000	3 years	30%	10%
Time deposits, over \$100,000	18 months	30%	10%
Repurchase Agreements	10 days	30%	None
Reverse Repurchase Agreements	30 days	20% of base value	None
Medium Term Notes	3 years	30%	15%
Mutual Funds/Money Market Mutual Funds	N/A	15%	5%
Local Agency Investment Fund (LAIF)	N/A	None	None
Placer County Investment Pool	N/A	25%	None

### *Disclosures Relating to Interest Rate Risk*

Interest rate risk is the risk that changes in market interest rates will adversely affect the fair value of an investment. Generally, the longer the maturity of an investment, the greater the sensitivity of its fair value to changes in market interest rates. One of the ways that the City manages its exposure to interest rate risk is by purchasing a combination of shorter term and longer term investments and by timing cash flows from maturities so that a portion of the portfolio is maturing or coming close to maturity evenly over time as necessary to provide the cash flow and liquidity needed for operations. The City limits its exposure to interest rate risk inherent in its portfolio by managing the investment maturities, the weighted average maturity of its portfolio, as well as limiting the weighted average maturity to 5 years or less.

**CITY OF AUBURN**

Notes to Financial Statements  
June 30, 2007

Note 2: **Cash and Investments** (continued)

**Investments** (continued)

*Disclosures Relating to Interest Rate Risk* (continued)

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (in years)</u>
<b>Investments in Investment Pool:</b>		
Federal Agency Obligations	\$ 6,882,163	2.49
Commercial paper	1,214,323	0.05
Corporate Obligations	495,755	0.59
Money Market Funds	318,561	0.00
Certificates of Deposit	535,427	0.03
Local Agency Investment Fund	38,525	0.00
Placer County Investment Pool	29,043	0.00
Portfolio Weighted Average Maturity	<u>\$ 9,513,797</u>	<u>1.84</u>

*Disclosures Relating to Credit Risk*

Generally, credit risk is the risk that an issuer of an investment will not fulfill its obligation to the holder of the investment. This is measured by the assignment of a rating by a nationally recognized statistical rating organization. Presented below is the minimum rating required by (where applicable) the California Government Code or the City's investment policy, and the actual rating as of year end for each investment type.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Minimum Legal Rating</u>	<u>Moody's</u>	<u>% of Portfolio</u>
<b>Investments in Investment Pool:</b>				
Federal Home Loan Banks	\$ 5,407,318	N/A	Aaa	56.84%
Federal Farm Credit Banks	494,530	N/A	Aaa	5.20%
Federal National Mortgages	980,315	AA	Aaa	10.30%
Commercial Paper - Discount	1,214,323	A	(1)	12.76%
Corporate Medium Term Note	495,755	A	Aa2	5.21%
Money Market Funds	318,561	N/A	N/A	3.35%
Certificates of Deposit	535,427	N/A	N/A	5.63%
California Local Agency Investment Fund	38,525	N/A	N/A	0.40%
Placer County Investment Pool	29,043	N/A	N/A	0.31%
	<u>\$ 9,513,797</u>			<u>100.00%</u>

(1) Moody's rating was unavailable.

# CITY OF AUBURN

## Notes to Financial Statements June 30, 2007

Note 2: **Cash and Investments** (continued)

### **Investments** (continued)

#### *Concentrations of Credit Risk*

The California Government Code and the investment policy of the City contains limitations on the amount that can be invested in any one issuer. Investments in any one issuer (other than U.S. Treasury securities, mutual funds, and external investment pools) at June 30, 2007, did not exceed limits established by law or the City's investment policy.

#### *Custodial Credit Risk*

For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the city will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. At June 30, 2007, the City's investment pool had no securities exposed to custodial credit risk and there was no securities lending.

#### *Investment in External Investment Pools*

The City is a voluntary participant in the California Local Agency Investment Fund (LAIF) that is regulated by the California Government Code and is managed by the Treasurer of the State of California. The Local Investment Advisory Board (LAIF Board) has oversight responsibility for LAIF. The LAIF Board consists of five members as designated by State statute. The value of the City's investment in this pool is reported in the accompanying financial statements at amortized cost. The balance available for withdrawal is based on the accounting records maintained by LAIF, which are recorded on an amortized cost basis. At June 30, 2007, a total of \$65.8 billion was invested by all public agencies. Of that amount, 96.534% was invested in non-derivative products and 3.466% was invested in derivative type products consisting of structured notes and asset-backed securities.

The City is a participant in the Placer County Investment Pool. The Placer County Treasurer manages investments in the County pool. On a monthly basis, interest is allocated to participants based on average daily balances. The Placer County Treasury Oversight Committee oversees the Treasurer's investments and policies. Investments held in the County's investment pool are available on demand and are stated at amortized cost, which approximated fair value.

## CITY OF AUBURN

### Notes to Financial Statements June 30, 2007

#### Note 3: Capital Assets

Capital asset activity for the year ended June 30, 2007 was as follows:

	Balance July 1, 2006	Additions	Retirements	Transfers	Balance June 30, 2007
<b>Governmental Activities</b>					
Capital assets, not being depreciated:					
Land	\$ 350,000	\$ --	\$ --	\$ --	\$ 350,000
Construction in process	3,522,048	1,522,580	--	--	5,044,628
Total capital assets, not being depreciated	<u>3,872,048</u>	<u>1,522,580</u>	<u>--</u>	<u>--</u>	<u>5,394,628</u>
Capital assets, being depreciated:					
Infrastructure	3,815,191	--	--	--	3,815,191
Building and improvements	5,230,205	--	--	--	5,230,205
Equipment	4,212,889	557,206	--	--	4,770,095
Total capital assets, being depreciated	<u>13,258,285</u>	<u>557,206</u>	<u>--</u>	<u>--</u>	<u>13,815,491</u>
Less accumulated depreciation for:					
Infrastructure	(64,012)	(146,088)	--	--	(210,100)
Building and improvements	(1,621,021)	(107,006)	--	--	(1,728,027)
Equipment	(2,487,916)	(456,285)	--	--	(2,944,201)
Total accumulated depreciation	<u>(4,172,949)</u>	<u>(709,379)</u>	<u>--</u>	<u>--</u>	<u>(4,882,328)</u>
Total capital assets, being depreciated, net	<u>9,085,336</u>	<u>(152,173)</u>	<u>--</u>	<u>--</u>	<u>8,933,163</u>
Governmental activities capital assets, net	<u>\$ 12,957,384</u>	<u>\$ 1,370,407</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 14,327,791</u>
<b>Business-type Activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 2,874,395	\$ --	\$ --	\$ --	\$ 2,874,395
Construction in process	2,463,492	1,864,321	--	--	4,327,813
Total capital assets, not being depreciated	<u>5,337,887</u>	<u>1,864,321</u>	<u>--</u>	<u>--</u>	<u>7,202,208</u>
Capital assets, being depreciated:					
Infrastructure	17,957,861	25,937	--	--	17,983,798
Equipment	1,085,915	331,921	--	--	1,417,836
Total capital assets, being depreciated	<u>19,043,776</u>	<u>357,858</u>	<u>--</u>	<u>--</u>	<u>19,401,634</u>
Less accumulated depreciation for:					
Infrastructure	(4,224,195)	(550,081)	--	--	(4,774,276)
Equipment	(892,884)	(92,468)	--	--	(985,352)
Total accumulated depreciation	<u>(5,117,079)</u>	<u>(642,549)</u>	<u>--</u>	<u>--</u>	<u>(5,759,628)</u>
Total capital assets, being depreciated, net	<u>13,926,697</u>	<u>(284,691)</u>	<u>--</u>	<u>--</u>	<u>13,642,006</u>
Business-type activities capital assets, net	<u>\$ 19,264,584</u>	<u>\$ 1,579,630</u>	<u>\$ --</u>	<u>\$ --</u>	<u>\$ 20,844,214</u>

**CITY OF AUBURN**

Notes to Financial Statements  
June 30, 2007

Note 3: **Capital Assets** (continued)

Depreciation expense was charged to function/programs of the primary government as follows:

Governmental activities:	
General government	\$ 285,812
Public safety	269,220
Transportation	154,347
Total depreciation expense - governmental activities	\$ 709,379
Business-type activities:	
Auburn Municipal Airport	\$ 279,526
Sewer	363,023
Total depreciation expense - business-type activities	\$ 642,549

Note 4: **Unearned Revenue**

Governmental funds report unearned revenue in connection with receivables for revenues considered unavailable to liquidate liabilities of the current period. Governmental and enterprise funds also defer revenue recognition in connection with resources that have been received, but not yet earned. As of June 30, 2007, the various components of unearned revenue in the governmental funds were as follows:

	Unavailable	Unearned
Governmental activities:		
Small Business Loans:		
Housing loans receivable	\$ --	\$ 544,969
Other Governmental Funds:		
Intergovernmental revenues	--	77,403
	\$ --	\$ 622,372

**CITY OF AUBURN**

Notes to Financial Statements  
June 30, 2007

Note 5: **Long-Term Debt**

Long-term liabilities at June 30, 2007 consisted of the following:

	<u>Maturity</u>	<u>Interest Rates</u>	<u>Principal Installments</u>	<u>Date of Issue</u>	<u>Amount Authorized</u>	<u>Outstanding June 30, 2007</u>
<b><u>Governmental Activities</u></b>						
General obligation bonds						
Civic Center general obligation bonds <i>(financed Civic Center, including Police Station)</i>	2009	6.5% - 9.25%	\$40,000 - \$150,000	1987	\$ 2,330,000	\$ 290,000
Pension obligation bonds						
Taxable Pension Obligation Bonds <i>(financed unfunded accrued actuarial liability)</i>	2028	5.69% - 5.93%	\$65,000 - \$345,000	2006	4,965,000	4,900,000
Notes Payable						
California Energy Commission <i>(LED Signal Conversion)</i>	2011	3%	\$11,997 - \$19,832	2002	112,060	56,931
Due to Other Agencies						
Placer County Library, Park and Cemetery Districts <i>(tax-increment pass-through)</i>	2023	0%	\$2,234 - \$25,303	1987	286,569	58,815
<b><u>Business-type Activities</u></b>						
Notes payable						
East Hanger Project at Airport	2018	4.68%	\$55,556 - \$64,444	2002	1,000,000	820,000
Fuel facility at Airport	2017	4.78%	\$9,561 - \$16,955	2005	200,000	137,244
State Water Resources Control Board <i>(construction of water waste treatment plant - phase 1A)</i>	2019	0%	\$108,691	1998	2,173,820	1,304,292
State Water Resources Control Board <i>(construction of water waste treatment plant - phase 1B)</i>	2021	0%	\$173,543	2000	3,470,855	2,429,598

**CITY OF AUBURN**

Notes to Financial Statements  
June 30, 2007

Note 5: **Long-Term Debt** (continued)

The following is a summary of long-term debt transactions for the fiscal year ended June 30, 2007:

	Balance July 1, 2006	Additions	Retirements	Balance June 30, 2007	Amounts Due Within One Year
<b>Governmental Activities:</b>					
General obligation bonds	\$ 420,000	\$ --	\$ 130,000	\$ 290,000	\$ 140,000
Pension obligation bonds	4,965,000	--	65,000	4,900,000	55,000
Notes payable	68,580	--	11,649	56,931	11,997
Due to other agencies	84,121	--	25,306	58,815	25,303
Capital leases	356,739	--	87,693	269,046	86,231
Compensated absences	1,084,632	586,925	569,098	1,102,459	340,358
Landfill closure costs	1,583,221	--	189,058	1,394,163	176,700
<b>Total Governmental Activities</b>					
Long-term Liabilities	<u>\$ 8,562,293</u>	<u>\$ 586,925</u>	<u>\$ 1,077,804</u>	<u>\$ 8,071,414</u>	<u>\$ 835,589</u>
<b>Business-type Activities:</b>					
Notes payable	\$ 5,035,206	\$ --	\$ 344,072	\$ 4,691,134	\$ 349,209
Compensated absences	27,300	19,692	11,171	35,821	10,064
<b>Total Business-type Activities</b>					
Long-term Liabilities	<u>\$ 5,062,506</u>	<u>\$ 19,692</u>	<u>\$ 355,243</u>	<u>\$ 4,726,955</u>	<u>\$ 359,273</u>

Landfill closure costs are liquidated from a special revenue fund. Compensated absences attributable to governmental activities will be liquidated from the general fund and related special revenue funds.

**Arbitrage**

The Tax Reform Act of 1986 instituted certain arbitrage restrictions with respect to the issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of all tax-exempt bonds proceeds at an interest yield greater than the interest yield paid to bondholders. The City was not subject to arbitrage regulations at June 30, 2007.

**CITY OF AUBURN**

Notes to Financial Statements  
June 30, 2007

Note 5: **Long-Term Debt** (continued)

As of June 30, 2007, annual debt service requirements of governmental activities to maturity are as follows:

Year Ending June 30:	General Obligation Bonds		Pension Obligation Bonds		Notes Payable		Due to Other Agencies	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2008	\$ 140,000	\$ 26,560	\$ 55,000	\$ 288,517	\$ 11,997	\$ 1,623	\$ 25,303	\$ --
2009	150,000	16,500	70,000	285,387	12,364	1,256	2,234	--
2010	--	--	90,000	281,404	12,738	882	2,234	--
2011	--	--	110,000	276,283	19,832	598	2,234	--
2012	--	--	125,000	270,024	--	--	2,234	--
2013-2017	--	--	1,005,000	1,212,296	--	--	11,170	--
2018-2022	--	--	1,805,000	829,415	--	--	11,170	--
2023-2027	--	--	1,295,000	348,388	--	--	2,236	--
2028	--	--	345,000	20,459	--	--	--	--
	<u>\$ 290,000</u>	<u>\$ 43,060</u>	<u>\$ 4,900,000</u>	<u>\$ 3,812,173</u>	<u>\$ 56,931</u>	<u>\$ 4,359</u>	<u>\$ 58,815</u>	<u>\$ --</u>

As of June 30, 2007, annual debt service requirements of business-type activities to maturity are as follows:

Year Ending June 30:	Notes Payable	
	Principal	Interest
2008	\$ 349,209	\$ 44,965
2009	354,345	41,817
2010	359,481	38,429
2011	364,618	34,798
2012	369,754	30,926
2013-2017	1,917,732	88,117
2018-2022	975,995	3,018
	<u>\$ 4,691,134</u>	<u>\$ 282,070</u>

Note 6: **Leases**

**Capital Leases Payable**

The City has entered into certain capital lease agreements under which the related equipment will become the property of the City when all terms of the lease agreements are met.

**CITY OF AUBURN**

Notes to Financial Statements  
June 30, 2007

Note 6: **Leases** (continued)

Capital Leases Payable (continued)

<u>Governmental Fund Activities</u>	<u>Interest Rate</u>	<u>Present Value of Remaining Payments as of June 30, 2007</u>
Firetruck	3.95%	\$ 269,046
		\$ 269,046

The cost of equipment and related accumulated depreciation acquired under capital leases are as follows:

Cost of equipment	\$ 352,000
Less: accumulated depreciation	83,810
Carrying value at June 30, 2007	\$ 268,190

As of June 30, 2007, future minimum lease payments under capital leases were as follows:

<u>Year Ending June 30</u>	
2008	\$ 96,858
2009	96,858
2010	96,858
Total Future Minimum Lease Payments	290,574
Less: Interest	(21,528)
Present Value of Minimum Lease Payments	\$ 269,046

**CITY OF AUBURN**

Notes to Financial Statements  
June 30, 2007

Note 7: **Net Assets/Fund Balances**

**Net Assets**

The government-wide and business-type activities fund financial statements utilize a net assets presentation. Net assets are categorized as invested capital assets (net of related debt), restricted and unrestricted.

- *Invested in Capital Assets, Net of Related Debt* – This category groups all capital assets, including infrastructure, into one component of net assets. Accumulated depreciation and the outstanding balances of debt that are attributable to the acquisition, construction or improvement of these assets reduce the balance in this category.
- *Restricted Net Assets* – This category presents external restrictions imposed by creditors, grantors, contributors or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.
- *Unrestricted Net Assets* – This category represents net assets of the City, not restricted for any project or other purpose.

Restricted net assets at June 30, 2007 for governmental activities were as follows:

Restricted for Public Safety:			
Maidu Fire Station	\$	38,265	
Property Seizures		580	
Public Safety Grants		278,465	
Solid Waste Management		1,209,054	\$ 1,526,364
Restricted for Transportation Projects:			
State Gas Tax			56,472
Restricted for Community Resources & Facilities:			
Redevelopment Agency		1,424,008	
Merchant's Council		666	
Small Business Loans		130,567	
Historic Auburn		2,063	1,557,304
Restricted for Capital Projects			1,236,642
Restricted for Debt Service			285,509
Total Restricted Net Assets - Governmental Activities			\$ 4,662,291

Included in governmental activities restricted net assets at June 30, 2007, were net assets restricted by enabling legislation of \$1,465,002. For business-type activities, restricted net assets at June 30, 2007 of \$13,250 were for cash received from tenants.

# CITY OF AUBURN

## Notes to Financial Statements June 30, 2007

Note 7: **Net Assets/Fund Balances** (continued)

### **Fund Balances**

In the fund financial statements, reserves and designations segregate portions of fund balance that are either not available or have been earmarked for specific purposes. The various designations are established by actions of the City Council and management and can be increased, reduced or eliminated by similar actions.

The term “reserved” is used to indicate that a portion of reported fund balance is (1) legally restricted to a specific use or (2) not available for appropriation or expenditure. The City’s management will sometimes designate portions of unreserved (available) fund balance based on tentative future spending plans. Designated portions of fund balance represent financial resources legally available for uses other than those tentatively planned.

The City has “reserved” fund balances as follows:

- *Reserved for imprest cash* – unavailable for appropriation because the City maintains various levels of revolving funds for daily operations.
- *Reserved for prepaid expenses* – represents prepaid expenses that do not represent available spendable resources.
- *Insurance deposits* – represents cash held on deposit with the insurance joint powers authority to provide for payment of claims within the City’s self-insured retention layer.

Portions of unreserved fund balance may be designated to indicate tentative for financial resources in a future period. Such plans or intent are subject to change and have not been legally authorized.

As of June 30, 2007, fund balance designations included the following:

- *Economic Uncertainty* – To reflect management’s intent to expend funds during poor economic times or in times when the cost of services rises dramatically. \$ 2,250,000

**CITY OF AUBURN**

Notes to Financial Statements  
June 30, 2007

Note 8: **Interfund Transactions**

Interfund balances and transfers as of June 30, 2007 consisted of the following:

**Due From/To Other Funds**

Receivable Fund	Payable Fund	Amount
General Fund	Airport Fund	\$ 42,753
	Nonmajor Governmental Funds	19,490
		\$ 62,243

During the year, various funds borrowed cash to cover operating cash deficits. These amounts will be repaid in the following fiscal year.

\$ 62,243

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**Transfers From/To Other Funds:**

Transfer From	Transfer To	Amount
Nonmajor Governmental Funds	Nonmajor Governmental Funds	\$ 157,553
	General Fund	100,000
		257,553
General Fund	Nonmajor Governmental Funds	30,444
Small Business Loans Fund	Nonmajor Governmental Funds	2,188
Sewer Fund	Nonmajor Governmental Funds	2,214

Transfers are indicative of funding for capital projects, lease payments or debt service and subsidies of various City operations.

Note 9: **Deficit Fund Balances/Net Assets**

As of June 30, 2007, the following funds had deficit fund balances/net assets. The deficits occurred because expenditures exceeded revenues. Future funding will reduce the deficit.

Fund	Deficit
Transportation	\$ 7,533

# CITY OF AUBURN

## Notes to Financial Statements June 30, 2007

### Note 10: **Defined Benefit Pension Plan**

#### A. **Plan Description**

The City contributes to the California Public Employee Retirement System (CalPERS) cost-sharing public employee defined benefit pension plan. CalPERS provides retirement and disability benefits, annual cost-of-living adjustments and death benefits to plan members and beneficiaries. CalPERS acts as a common investment and administrative agent for participating public entities within the State of California. Effective June 1, 2004, the City entered the CalPERS risk pool program. The pool is the consolidation of all public agencies with less than one hundred employees in each bargaining unit. Individual City information is no longer available. Benefit provisions and other requirements are established by contract with CalPERS in accordance with the provisions of the Public Employees Retirement Law and City ordinance. Copies of CalPERS annual financial report may be obtained from their Executive Office – 400 Q Street, Room 1820, Lincoln Plaza East, Sacramento, CA. 95814.

#### B. **Fund Policy**

Employees under the Miscellaneous Plan are required to contribute 7% and employees under the Safety Plan are required to contribute 9% of covered salary to CalPERS. The City is required to contribute remaining amounts necessary to fund the benefits for its members, using the actuarial basis recommended by CalPERS actuaries and actuarial consultants and adopted by the CalPERS Board of Administration. For the fiscal year ended June 30, 2007, the employer contribution rate was 8.959% for the Miscellaneous Plan and 17.546% for the Safety Plan. The City makes the contribution required by employees on their behalf and for their account.

#### Annual Pension Cost

For the fiscal year ended June 30, 2007, the City's annual pension cost was \$1,165,465 and the City actually contributed \$1,165,465. The required contribution for the fiscal year 2006-07 was determined as part of the June 30, 2004 actuarial valuation using the entry age normal actuarial cost method.

The actuarial assumptions included (a) 7.75% investment rate of return (net of administrative expense); (b) projected salary increases of 3.25% to 14.45%, depending on age, service and type of employment and (c) inflation of 3.0%. The actuarial value of the City's assets was determined using a technique that smoothes the effect of short-term volatility in the market value of investments over a four year period. The difference between the actuarial value of assets and the actuarial accrued liability is being amortized as a level percentage of projected payroll on a closed

**CITY OF AUBURN**

Notes to Financial Statements  
June 30, 2007

Note 10: **Defined Benefit Pension Plan** (continued)

**B. Fund Policy** (continued)

Annual Pension Cost (continued)

basis. The remaining amortization period for the miscellaneous plan and the safety plan at June 30, 2004 was 14 years.

Three Year Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Annual Pension Obligation
6/30/2005	\$ 1,016,112	100%	\$ --
6/30/2006	1,363,015	100%	--
6/30/2007	1,165,465	100%	--

Note 11: **Risk Management**

The City is exposed to various risks of loss related to torts, theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters.

There is no claims liability to be reported based on the requirements of Governmental Accounting Standards Board Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount for the loss can be reasonably estimated.

There were no significant reductions in insurance coverage from prior years and there have been no settlements exceeding the insurance coverage for each of the past three years.

The City has joined together with other Cities in the State of California to participate in Northern California Cities Self-Insurance Fund (NCCSIF), a joint powers agency which provides the City with a shared risk layer of coverage above the self-insured retention amount for liability and workers' compensation. In addition, NCCSIF provides claims servicing to the City for the banking layer, which represents the City's self-insurance. This joint venture is a public entity risk pool which serves as a common risk management and insurance program for liability and workers compensation coverage for member cities. The NCCSIF is composed of 20 member cities and is governed by a board of directors appointed by the member cities. The governing board has authority over budgeting and financing. The workers' compensation and general liability programs are administered by third-party administrators.

## CITY OF AUBURN

### Notes to Financial Statements June 30, 2007

Note 11: **Risk Management** (continued)

General Liability Coverage: Annual deposits are paid by member cities and are adjusted retrospectively to cover costs. Each member city, including Auburn, self-insures for the first \$25,000 of each loss. Participating cities share in loss occurrences in excess of \$25,000 up to a maximum of \$500,000. Premiums accrue based on the ultimate cost of the experience of the group of Cities. Coverage in excess of \$500,000 is provided through the California Joint Powers Insurance Risk Management Authority, a joint power authority organized to provide excess coverage for its members.

Workers' Compensation Coverage: Annual deposits are paid by member cities and are adjusted retrospectively to cover costs. The City self-insured for the first \$25,000 of each loss and has purchased excess coverage with limits of \$5,000,000 per occurrence.

Upon termination of the JPA agreement, all property of the Authority will vest in the respective parties which theretofore transferred, conveyed or leased said property to the Authority. Any surplus of funds will be returned to the parties in proportion to actual balances to each equity.

The Authority establishes claims liabilities based on estimates of the ultimate costs of claims (including future claims settlement expenses) that have been reported but not settled, plus estimates of claims that have been incurred but not reported. Because actual claim costs depend on various factors, the claims liabilities are recomputed periodically using a variety of actuarial and statistical techniques to produce current estimates that reflect recent settlements, claim frequency, and other economic and social factors. A provision of inflation is implicit in the calculation of estimated future claims costs. Adjustments to claims liabilities are charged or credited in the periods in which they are made.

The City's deposits for its banking layer administered by NCCSIF of \$391,734 is recorded in the general fund as insurance deposits. Activity for the year ended June 30, 2007 is as follows:

	General Liability	Workers' Compensation	Total
Balance, June 30, 2006	\$ 295,825	\$ 465,279	\$ 761,104
Deposits and other income	77,316	140,492	217,808
Investment income and changes in fair values	18,767	43,877	62,644
Claims paid, net of refunds	(105,885)	(383,460)	(489,345)
Claims administration and other expenses	--	(9,257)	(9,257)
Dividends	(60,105)	(91,115)	(151,220)
	\$ 225,918	\$ 165,816	\$ 391,734
Balance, June 30, 2007			

## CITY OF AUBURN

### Notes to Financial Statements June 30, 2007

Note 11: **Risk Management** (continued)

The following is summary financial information of the NCCSIF for the liability and workers' compensation program for the fiscal year ended June 30, 2007:

	General Liability	Workers' Compensation	Total
Assets	\$ 15,010,955	\$ 32,150,287	\$ 47,161,242
Liabilities	5,680,736	20,338,693	26,019,429
Net Assets	<u>\$ 9,330,219</u>	<u>\$ 11,811,594</u>	<u>\$ 21,141,813</u>
Revenues	6,130,927	8,069,685	14,200,612
Expenses	<u>3,151,823</u>	<u>5,911,600</u>	<u>9,063,423</u>
Change in Net Assets	2,979,104	2,158,085	5,137,189
Net Assets - July 1, 2006	<u>6,351,115</u>	<u>9,653,509</u>	<u>16,004,624</u>
Net Assets - June 30, 2007	<u>\$ 9,330,219</u>	<u>\$ 11,811,594</u>	<u>\$ 21,141,813</u>

Note 12: **Joint Agencies**

The Northern California Cities Self-Insurance Fund (NCCSIF) is a joint powers authority organized to provide for a banking plan whereby the member cities can share in the administrative costs of providing liability and workers' compensation insurance. The NCCSIF is governed by the Board of Directors appointed by the member cities.

Complete audited financial statements can be obtained from the Program Administrator, 600 Montgomery Street, 9<sup>th</sup> Floor, San Francisco, CA 94111.

The California Joint Powers Insurance Risk Management Authority (CJPRMA) is a joint power authority organized to provide excess coverage for its members. The CJPRMA is governed by a board of directors representing its member cities.

Complete audited financial statements can be obtained from the Program Administrator, 600 Montgomery Street, 9<sup>th</sup> Floor, San Francisco, CA 94111.

The California Transit Insurance Pool (CTIP) is a joint powers authority organized to provide liability coverage for its members. The CTIP is governed by a board of directors representing its member agencies. CTIP is composed of 32 member agencies.

Complete audited financial statements can be obtained from the Program Administrator, CalTIP, 1415 L Street, Suite 200, Sacramento, CA 95814.

# CITY OF AUBURN

## Notes to Financial Statements June 30, 2007

### Note 13: **Commitments and Contingencies**

#### Contingencies

The City has received state grants for specific purposes that are subject to review and audit by the state government. Although such audits could result in expenditure disallowances under grant terms, any required reimbursements are not expected to be material.

#### Construction Commitments

At June 30, 2007, the City had construction contracts outstanding of approximately \$420,813. These projects should be completed within the next year and the cost will be recorded at that time.

### Note 14: **Post Closure**

The City of Auburn has post-closure responsibility for one landfill site (located on the Auburn Municipal Airport). State and federal laws and regulations require that the City of Auburn place a final cover over its closed landfill and perform certain maintenance and monitoring functions at the landfill site for thirty years following its closure. Closure procedures have been performed and post closure activity is recorded in a special revenue fund. Post closure maintenance activities are funded by a 4.71 percent surcharge on refuse collection fees. The estimated liability for post-closure care costs is estimated to be \$1,394,163 as of June 30, 2007. The estimate of post-closure care costs is based on the amount that would be paid if all equipment, facilities, and services required to monitor and maintain the landfill were acquired as of June 30, 2007. However, the actual costs may be higher due to inflation, changes in technology, or changes in landfill laws and regulations.

The City of Auburn is required by state and federal laws and regulations to make annual contributions to finance post closure care costs. The costs of these procedures is funded on a pay as you go basis. The City has not adopted a pledge of revenue to fund these costs. At June 30, 2007, the City was holding bank deposits and federal securities in the amount of \$1,167,722 for this purpose. It is anticipated that future costs will be financed in part from earnings on these investments, and the continuation of the franchise fee surcharge. The net present value of the estimated future surcharge fees and interest is \$1,015,669. The remaining portion of estimated post closure maintenance costs and any additional costs that might arise from changes in post closure requirements (due to changes in technology or more rigorous environment regulations) may need to be covered by an increase in the rate of the franchise surcharge assessed against refuse collection fees.

## CITY OF AUBURN

### Notes to Financial Statements June 30, 2007

Note 14: **Post Closure** (continued)

Additionally, the City recognizes that there is a risk of future landfill gas migration or groundwater contamination, which could result in bodily injury and/or property damage liability claims against the City. Accordingly, the City has secured a “third party pollution liability” insurance agreement (underwritten by United Capital Insurance Company) to pay for any damages arising out of claims which might result from future pollution conditions that might result from the landfill site. This insurance coverage applies to groundwater contamination from leakages, but excludes remediation of landfill gas that might migrate from the closed landfill site. The aggregate coverage limit is \$1,500,000 and there is a policy deductible of \$100,000 for each pollution condition.

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**Comprehensive Annual Financial Report**  
**For Fiscal Year Ended June 30, 2007**

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**Required Supplementary  
Information**



## CITY OF AUBURN

### Budgetary Comparison Schedule General Fund For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts (On Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, July 1	\$ 5,202,737	\$ 5,230,165	\$ 5,230,165	\$ --
<b>Resources (inflows):</b>				
Taxes	8,046,000	8,314,878	8,514,855	199,977
Licenses and permits	530,900	530,900	491,859	(39,041)
Fines, forfeitures and penalties	140,600	140,600	144,568	3,968
Use of money and property	484,000	484,000	421,837	(62,163)
Intergovernmental	246,000	326,777	353,025	26,248
Charges for services	460,400	460,400	234,051	(226,349)
Other revenues	15,000	44,299	85,209	40,910
Transfers from other funds	227,313	227,313	354,407	127,094
Amounts available for appropriation	<u>10,150,213</u>	<u>10,529,167</u>	<u>10,599,811</u>	<u>70,644</u>
<b>Charges to appropriations (outflows):</b>				
General government:				
City council	57,345	57,345	56,289	1,056
City manager	161,924	307,827	274,887	32,940
City clerk	135,873	135,873	108,233	27,640
Administrative services	512,546	577,354	634,056	(56,702)
City attorney	170,000	195,000	188,735	6,265
Information technology	391,549	442,094	483,821	(41,727)
Insurance programs	270,908	276,908	319,811	(42,903)
Support for community programs	172,350	172,350	54,114	118,236
	<u>1,872,495</u>	<u>2,164,751</u>	<u>2,119,946</u>	<u>44,805</u>
Public safety:				
Police	3,327,348	3,424,848	3,615,385	(190,537)
Fire	1,445,381	1,481,145	1,599,919	(118,774)
	<u>4,772,729</u>	<u>4,905,993</u>	<u>5,215,304</u>	<u>(309,311)</u>
Transportation:				
Administration and engineering	298,066	328,066	295,092	32,974
Building maintenance	501,835	512,603	346,884	165,719
Construction and maintenance	780,087	780,087	847,792	(67,705)
Yard and shop	236,374	251,374	264,568	(13,194)
Stormwater management	40,600	40,600	38,462	2,138
	<u>1,856,962</u>	<u>1,912,730</u>	<u>1,792,798</u>	<u>119,932</u>

continued

**CITY OF AUBURN**

Budgetary Comparison Schedule (continued)  
 General Fund  
 For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts (On Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
<b>Charges to appropriations (continued):</b>				
Community development:				
Administration	\$ 594,915	\$ 636,298	\$ 473,783	\$ 162,515
Building inspections	285,329	285,329	274,293	11,036
Public services counter	169,520	169,520	178,537	(9,017)
	<u>1,049,764</u>	<u>1,091,147</u>	<u>926,613</u>	<u>164,534</u>
Nondepartmental:				
Debt service	335,000	335,000	334,487	513
Capital outlay	50,000	357,453	262,000	95,453
Transfers to other funds	16,500	16,500	30,444	(13,944)
Contingencies	196,763	--	--	--
	<u>598,263</u>	<u>708,953</u>	<u>626,931</u>	<u>82,022</u>
Total charges to appropriations	<u>10,150,213</u>	<u>10,783,574</u>	<u>10,681,592</u>	<u>101,982</u>
Budgetary fund balances, June 30	<u>\$ 5,202,737</u>	<u>\$ 4,975,758</u>	<u>\$ 5,148,384</u>	<u>\$ 172,626</u>

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/inflows of resources

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule \$ 10,599,811

Differences - budget to GAAP:

Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes (100,000)

Reimbursements for interfund services are inflows of budgetary resources but are not revenues for financial reporting purposes (254,407)

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 10,245,404

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule \$ 10,681,592

Differences - budget to GAAP:

Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes (30,444)

Services provided to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes (254,407)

Reduction in the insurance banking layer is an expenditure for financial reporting purposes but is not an outflow of budgetary resources 369,370

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 10,766,111

**CITY OF AUBURN**

Budgetary Comparison Schedule  
Small Business Loans  
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts (On Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, July 1	\$ 505,038	\$ 451,045	\$ 451,045	\$ --
<b>Resources (inflows):</b>				
Use of money and property	15,000	15,000	23,157	8,157
Intergovernmental	40,000	40,000	34,830	(5,170)
	55,000	55,000	57,987	2,987
<b>Charges to appropriations (outflows):</b>				
Current:				
Community development	50,000	50,000	376,277	(326,277)
Transfers to other funds	--	--	2,188	(2,188)
	50,000	50,000	378,465	(328,465)
Budgetary fund balances, June 30	\$ 510,038	\$ 456,045	\$ 130,567	\$ (325,478)

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule \$ 378,465

Differences - budget to GAAP:

Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes (2,188)

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 376,277

## CITY OF AUBURN

### Note to Required Supplementary Information For the Year Ended June 30, 2007

#### **BUDGETS AND BUDGETARY ACCOUNTING**

Formal budgetary integration is employed as a management control device during the year for the General Fund, Special Revenue Funds, Capital Project Funds, Debt Service Funds and Enterprise Funds and is controlled at the department level for the City. Budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) except that interfund transfers are reported as revenues and expenditures.

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The City Manager and City Administrative Services Director submits to the City Council a proposed operating budget for the year commencing the following July 1. The operating budget proposes expenditures and the means of financing them.
2. Public hearings, when required, are conducted at City Hall to obtain taxpayer comments.
3. Prior to July 1 (when possible), the budget is legally enacted through passage of a formal resolution.
4. Any revisions which alter the total expenditures of any fund must be approved by the City Council.

Budgeted amounts are as originally adopted and as subsequently revised by the City Council.

All unused appropriations for budgeted amounts lapse at the end of the year.

Annual appropriated budgets are not adopted for certain funds established to meet or satisfy a specific purpose. For the fiscal year ended June 30, 2007, the following funds were considered established for a specific purpose and did not have annual appropriated budgets:

- Property Seizures
- Merchant's Council
- Historic Auburn
- Maidu Fire Station
- Solid Waste Program
- Palm Terrace Apartments
- Auburn Bluffs
- Miscellaneous Grants
- Project Fund
- AUSD Park Preserve

**CITY OF AUBURN**

Note to Required Supplementary Information  
For the Year Ended June 30, 2007

**EXCESS OF EXPENDITURES OVER APPROPRIATIONS**

The following funds had an excess of expenditures over appropriations at the legal level of budgetary control:

<u>Fund</u>	<u>Department</u>	<u>Excess Expenditures</u>
General fund	Administrative services	\$ 56,702
	Information technology	41,727
	Insurance programs	42,903
	Police	190,537
	Fire	118,774
	Construction and maintenance	67,705
	Yard and shop	13,194
	Public services counter	9,017
Small Business Loans fund		328,465

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**Comprehensive Annual Financial Report**  
For Fiscal Year Ended June 30, 2007

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**Combining and Individual  
Fund Statements and  
Schedules**



## **NONMAJOR GOVERNMENTAL FUNDS**

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**CITY OF AUBURN**

Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2007

	<u>Special Revenue</u>	<u>Capital Projects</u>	<u>Debt Service Gen. Oblig. Bonds</u>	<u>Total</u>
<b>ASSETS</b>				
Cash and investments	\$ 1,865,532	\$ 1,199,917	\$ 274,872	\$ 3,340,321
Restricted cash and investments	1,167,722	--	--	1,167,722
Accounts receivable	38,956	50,000	--	88,956
Taxes receivable	50,848	--	10,637	61,485
Due from other agencies	66,026	--	--	66,026
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
Total assets	<u>\$ 3,189,084</u>	<u>\$ 1,249,917</u>	<u>\$ 285,509</u>	<u>\$ 4,724,510</u>
<b>LIABILITIES AND FUND BALANCES</b>				
Liabilities:				
Accounts payable	\$ 102,108	\$ --	\$ --	\$ 102,108
Deposits	--	1,318	--	1,318
Due to other funds	7,533	11,957	--	19,490
Unearned revenues	77,403	--	--	77,403
Total liabilities	<u>187,044</u>	<u>13,275</u>	<u>--</u>	<u>200,319</u>
Fund balances:				
Unreserved:, undesignated and reported in:				
Special revenue funds	3,002,040	--	--	3,002,040
Debt service funds	--	--	285,509	285,509
Capital projects funds	--	1,236,642	--	1,236,642
Total fund balances	<u>3,002,040</u>	<u>1,236,642</u>	<u>285,509</u>	<u>4,524,191</u>
	<u>        </u>	<u>        </u>	<u>        </u>	<u>        </u>
Total liabilities and fund balances	<u>\$ 3,189,084</u>	<u>\$ 1,249,917</u>	<u>\$ 285,509</u>	<u>\$ 4,724,510</u>

**CITY OF AUBURN**

Combining Statement of Revenues, Expenditures and Changes in Fund Balances  
Nonmajor Governmental Funds  
For the Year Ended June 30, 2007

	Special Revenue	Capital Projects	Debt Service Gen. Oblig. Bonds	Total
<b>Revenues</b>				
Taxes	\$ 739,220	\$ --	\$ 178,912	\$ 918,132
Licenses and permits	218,284	65,797	--	284,081
Use of money and property	167,023	69,948	10,239	247,210
Intergovernmental	2,326,724	1,113,653	--	3,440,377
Charges for services	34,461	--	--	34,461
Other revenues	16,800	--	--	16,800
Total revenues	<u>3,502,512</u>	<u>1,249,398</u>	<u>189,151</u>	<u>4,941,061</u>
<b>Expenditures</b>				
Current:				
Public safety	527,209	--	--	527,209
Transportation	2,524,096	--	--	2,524,096
Community development	475,746	--	--	475,746
Recreation and culture	20,654	--	--	20,654
Debt Service:				
Principal	119,909	--	130,000	249,909
Interest	15,875	--	27,808	43,683
Capital outlay	489,417	1,051,112	--	1,540,529
Total expenditures	<u>4,172,906</u>	<u>1,051,112</u>	<u>157,808</u>	<u>5,381,826</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(670,394)</u>	<u>198,286</u>	<u>31,343</u>	<u>(440,765)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	192,399	--	--	192,399
Transfers out	(257,553)	--	--	(257,553)
Total other financing sources (uses)	<u>(65,154)</u>	<u>--</u>	<u>--</u>	<u>(65,154)</u>
Net change in fund balances	(735,548)	198,286	31,343	(505,919)
Fund balances, beginning of year	<u>3,737,588</u>	<u>1,038,356</u>	<u>254,166</u>	<u>5,030,110</u>
Fund balances, end of year	<u>\$ 3,002,040</u>	<u>\$ 1,236,642</u>	<u>\$ 285,509</u>	<u>\$ 4,524,191</u>

# **SPECIAL REVENUE FUNDS**

## **DEFINITION**

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Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes. Special Revenue Funds include:

### **Nonmajor Special Revenue Funds**

#### **Gas Tax Fund**

The Gas Tax fund accounts for gas tax revenue allocations from the State. Funds received are restricted to expenditures for street maintenance, traffic safety, and construction.

#### **Transportation Fund**

The City uses financing from a number of sources, including State and Federal programs, to build and maintain the street transportation and storm drain network. The Transportation Fund receives revenues through the Transportation Development Act Tax (TDA) and STP programs.

#### **Transit**

The Transit Fund is used to account for all revenues and expenditures necessary to provide public transit services and to construct and maintain transit related facilities and infrastructure.

#### **Auburn Multimodal Station Fund**

This fund accounts for capital expenditures related to the construction of the Auburn Multimodal Rail Station which is extensively supported by grant-related revenues.

#### **Auburn Urban Development Authority Fund**

The Auburn Urban Development Authority (AUDA) provides essential funding for capital projects, housing projects, studies, planning and development efforts which are focused on the economic development of blighted areas within the City.

#### **Property Seizures Fund**

This fund accounts for cash and assets seized as a result of law enforcement activities. Generally, such funds are held on deposit until expiration of the required holding period and/or funds are provided to appropriate parties.

### **Merchant's Council Fund**

This fund is used to account for business improvement district fees received by the City for the Downtown Business Association. Funds received are periodically allocated to the association for appropriate use.

### **Historic Auburn Fund**

This fund is used to account for business improvement district fees received by the City for the Old Town Business Association. Funds received are periodically allocated to the association for appropriate use.

### **Maidu Fire Station Fund**

This fund accounts for development impact fees received for the maintenance and upkeep of the Maidu Fire Station. The Fire Department periodically appropriates these funds towards upkeep of the station and for the purchase of new equipment.

### **Palm Terrace Apartments Fund**

This fund was used at one time to account for development fees collected for the Palm Terrace Apartment complex and will be closed out during Fiscal Year 2006-07.

### **Solid Waste Management Funds**

The Solid Waste Management Funds are used to account for recycling programs funded by State grants and program expenditures related to the City's closed landfill located at the Auburn Municipal Airport.

### **Auburn Bluffs Fund**

This fund was used at one time to account for development fees collected for the Auburn Bluffs Project and will be closed out during Fiscal Year 2006-07.

### **Office of Traffic Safety Grant Fund**

The Office of Traffic Safety (OTS) Grant Fund is used to account for OTS grant funds received and the corresponding eligible expenditures as authorized by the grants.

### **State Law Enforcement Personnel Grant Fund**

The State Law Enforcement Personnel Grant Fund accounts for grant revenues received from the State which must be wholly spent for Law Enforcement personnel. These funds reimburse the General Fund for approximately 2.0 FTE Police Officers.

### **Facilities and Equipment Plan Fund**

The Facilities and Equipment Plan Fund accounts for revenues received through mitigation fees assessed on construction of new residential units and renovation of commercial and industrial spaces. Revenues received are used to fund recurring capital outlay as it relates to the purchase of equipment for citywide departments.

### **Other Miscellaneous Grant Funds**

These funds account for grant revenues received for public safety (i.e. FEMA / Law Enforcement) activities. Generally, these funds must be used appropriated for specific law enforcement and fire activities.

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**CITY OF AUBURN**

Combining Balance Sheet  
 Nonmajor Special Revenue Funds  
 June 30, 2007

	<u>State Gas Tax</u>	<u>Transportation</u>	<u>Transit</u>	<u>Multimodal Railstation</u>
<b>Assets</b>				
Cash and investments	\$ 11,446	\$ 18,585	\$ 91,803	\$ --
Restricted cash	--	--	--	--
Accounts receivable	--	--	--	--
Taxes receivable	--	--	--	--
Due from other agencies	45,026	--	--	--
	<hr/>	<hr/>	<hr/>	<hr/>
Total assets	<u>\$ 56,472</u>	<u>\$ 18,585</u>	<u>\$ 91,803</u>	<u>\$ --</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ --	\$ 18,585	\$ 14,400	\$ --
Due to other funds	--	7,533	--	--
Unearned revenue	--	--	77,403	--
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities	<hr/> --	<hr/> 26,118	<hr/> 91,803	<hr/> --
Fund Balances:				
Unreserved:				
Undesignated	<hr/> 56,472	<hr/> (7,533)	<hr/> --	<hr/> --
	<hr/>	<hr/>	<hr/>	<hr/>
Total fund balances	<hr/> 56,472	<hr/> (7,533)	<hr/> --	<hr/> --
	<hr/>	<hr/>	<hr/>	<hr/>
Total liabilities and fund balances	<u>\$ 56,472</u>	<u>\$ 18,585</u>	<u>\$ 91,803</u>	<u>\$ --</u>

continued

**CITY OF AUBURN**

Combining Balance Sheet (continued)  
 Nonmajor Special Revenue Funds  
 June 30, 2007

	<u>Redevelop- ment</u>	<u>Property Seizures</u>	<u>Merchant's Council</u>	<u>Historic Auburn</u>	<u>Maidu Fire Station</u>
<b>Assets</b>					
Cash and investments	\$ 1,386,895	\$ 580	\$ 666	\$ 2,063	\$ 38,265
Restricted cash	--	--	--	--	--
Accounts receivable	--	--	--	--	--
Taxes receivable	50,848	--	--	--	--
Due from other agencies	--	--	--	--	--
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total assets	<u>\$ 1,437,743</u>	<u>\$ 580</u>	<u>\$ 666</u>	<u>\$ 2,063</u>	<u>\$ 38,265</u>
<b>Liabilities and Fund Balances</b>					
Liabilities:					
Accounts payable	\$ 13,735	\$ --	\$ --	\$ --	\$ --
Due to other funds	--	--	--	--	--
Unearned revenue	--	--	--	--	--
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities	<u>13,735</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Fund Balances:					
Unreserved:					
Undesignated	<u>1,424,008</u>	<u>580</u>	<u>666</u>	<u>2,063</u>	<u>38,265</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total fund balances	<u>1,424,008</u>	<u>580</u>	<u>666</u>	<u>2,063</u>	<u>38,265</u>
	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>	<u>          </u>
Total liabilities and fund balances	<u>\$ 1,437,743</u>	<u>\$ 580</u>	<u>\$ 666</u>	<u>\$ 2,063</u>	<u>\$ 38,265</u>

continued

**CITY OF AUBURN**

Combining Balance Sheet (continued)  
 Nonmajor Special Revenue Funds  
 June 30, 2007

	Palm Terrace Apartments	Solid Waste Program	Auburn Bluffs	OTS Grant
<b>Assets</b>				
Cash and investments	\$ --	\$ 5,928	\$ --	\$ 42,539
Restricted cash	--	1,167,722	--	--
Accounts receivable	--	35,404	--	--
Taxes receivable	--	--	--	--
Due from other agencies	--	--	--	21,000
	<u>\$ --</u>	<u>\$ 1,209,054</u>	<u>\$ --</u>	<u>\$ 63,539</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ --	\$ --	\$ --	\$ 55,388
Due to other funds	--	--	--	--
Unearned revenue	--	--	--	--
	<u>--</u>	<u>--</u>	<u>--</u>	<u>55,388</u>
Total liabilities	<u>--</u>	<u>--</u>	<u>--</u>	<u>55,388</u>
Fund Balances:				
Unreserved:				
Undesignated	--	1,209,054	--	8,151
	<u>--</u>	<u>1,209,054</u>	<u>--</u>	<u>8,151</u>
Total fund balances	<u>--</u>	<u>1,209,054</u>	<u>--</u>	<u>8,151</u>
Total liabilities and fund balances	<u>\$ --</u>	<u>\$ 1,209,054</u>	<u>\$ --</u>	<u>\$ 63,539</u>

continued

**CITY OF AUBURN**

Combining Balance Sheet (continued)  
 Nonmajor Special Revenue Funds  
 June 30, 2007

	Law Enforcement Grant	Facilities and Equipment	Miscellaneous Grants	Total
<b>Assets</b>				
Cash and investments	\$ --	\$ 215,754	\$ 51,008	\$ 1,865,532
Restricted cash	--	--	--	1,167,722
Accounts receivable	--	--	3,552	38,956
Taxes receivable	--	--	--	50,848
Due from other agencies	--	--	--	66,026
	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Total assets	<u>\$ --</u>	<u>\$ 215,754</u>	<u>\$ 54,560</u>	<u>\$ 3,189,084</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ --	\$ --	\$ --	\$ 102,108
Due to other funds	--	--	--	7,533
Unearned revenue	--	--	--	77,403
	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Total liabilities	<u>--</u>	<u>--</u>	<u>--</u>	<u>187,044</u>
Fund Balances:				
Unreserved:				
Undesignated	<u>--</u>	<u>215,754</u>	<u>54,560</u>	<u>3,002,040</u>
Total fund balances	<u>--</u>	<u>215,754</u>	<u>54,560</u>	<u>3,002,040</u>
	<u>---</u>	<u>---</u>	<u>---</u>	<u>---</u>
Total liabilities and fund balances	<u>\$ --</u>	<u>\$ 215,754</u>	<u>\$ 54,560</u>	<u>\$ 3,189,084</u>

**CITY OF AUBURN**

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2007

	State Gas Tax	Transportation	Transit	Multimodal Railstation
<b>Revenues</b>				
Taxes	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	--	--	--
Use of money and property	18,084	(25,209)	6,553	--
Intergovernmental	350,033	1,215,580	411,330	--
Charges for services	--	--	34,461	--
Other revenues	--	--	1,800	--
Total revenues	368,117	1,190,371	454,144	--
<b>Expenditures</b>				
Current:				
Public safety	--	--	--	--
Transportation	901,810	1,184,284	438,002	--
Community development	--	--	--	--
Recreation and culture	--	--	--	--
Debt Service:				
Principal	--	11,649	--	--
Interest	--	1,971	--	--
Capital outlay	--	--	--	--
Total expenditures	901,810	1,197,904	438,002	--
Excess (Deficiency) of Revenues Over (Under) Expenditures	(533,693)	(7,533)	16,142	--
<b>Other Financing Sources (Uses)</b>				
Transfers in	--	--	--	37,546
Transfers out	--	--	(37,546)	--
Total other financing sources (uses)	--	--	(37,546)	37,546
Net change in fund balances	(533,693)	(7,533)	(21,404)	37,546
Fund balances, beginning of year	590,165	--	21,404	(37,546)
Fund balances, end of year	\$ 56,472	\$ (7,533)	\$ --	\$ --

continued

**CITY OF AUBURN**

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances (continued)  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2007

	Redevelop- ment	Property Seizures	Merchant's Council	Historic Auburn	Maidu Fire Station
<b>Revenues</b>					
Taxes	\$ 600,035	\$ --	\$ --	\$ --	\$ --
Licenses and permits	--	--	37,087	19,885	--
Use of money and property	77,467	--	--	--	--
Intergovernmental	--	--	--	--	--
Charges for services	--	--	--	--	--
Other revenues	--	--	--	--	--
Total revenues	<u>677,502</u>	<u>--</u>	<u>37,087</u>	<u>19,885</u>	<u>--</u>
<b>Expenditures</b>					
Current:					
Public safety	--	--	--	--	49,500
Transportation	--	--	--	--	--
Community development	438,800	--	36,946	--	--
Recreation and culture	--	--	--	20,654	--
Debt Service:					
Principal	25,306	--	--	--	--
Interest	--	--	--	--	--
Capital outlay	--	--	--	--	--
Total expenditures	<u>464,106</u>	<u>--</u>	<u>36,946</u>	<u>20,654</u>	<u>49,500</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>213,396</u>	<u>--</u>	<u>141</u>	<u>(769)</u>	<u>(49,500)</u>
<b>Other Financing Sources (Uses)</b>					
Transfers in	120,007	--	--	--	--
Transfers out	<u>(120,007)</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total other financing sources (uses)	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Net change in fund balances	213,396	--	141	(769)	(49,500)
Fund balances, beginning of year	<u>1,210,612</u>	<u>580</u>	<u>525</u>	<u>2,832</u>	<u>87,765</u>
Fund balances, end of year	<u>\$ 1,424,008</u>	<u>\$ 580</u>	<u>\$ 666</u>	<u>\$ 2,063</u>	<u>\$ 38,265</u>

continued

**CITY OF AUBURN**

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances (continued)  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2007

	Palm Terrace Apartments	Solid Waste Program	Auburn Bluffs	OTS Grant
<b>Revenues</b>				
Taxes	\$ --	\$ 139,185	\$ --	\$ --
Licenses and permits	--	--	--	--
Use of money and property	--	67,566	--	--
Intergovernmental	--	5,000	--	220,499
Charges for services	--	--	--	--
Other revenues	--	--	--	--
Total revenues	<u>--</u>	<u>211,751</u>	<u>--</u>	<u>220,499</u>
<b>Expenditures</b>				
Current:				
Public safety	--	249,768	--	167,374
Transportation	--	--	--	--
Community development	--	--	--	--
Recreation and culture	--	--	--	--
Debt Service:				
Principal	--	--	--	--
Interest	--	--	--	--
Capital outlay	--	--	--	--
Total expenditures	<u>--</u>	<u>249,768</u>	<u>--</u>	<u>167,374</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>--</u>	<u>(38,017)</u>	<u>--</u>	<u>53,125</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	15,954	--	204	--
Transfers out	--	--	--	--
Total other financing sources (uses)	<u>15,954</u>	<u>--</u>	<u>204</u>	<u>--</u>
Net change in fund balances	15,954	(38,017)	204	53,125
Fund balances, beginning of year	<u>(15,954)</u>	<u>1,247,071</u>	<u>(204)</u>	<u>(44,974)</u>
Fund balances, end of year	<u>\$ --</u>	<u>\$ 1,209,054</u>	<u>\$ --</u>	<u>\$ 8,151</u>

continued

**CITY OF AUBURN**

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances (continued)  
Nonmajor Special Revenue Funds  
For the Year Ended June 30, 2007

	Law Enforcement Grant	Facilities and Equipment	Miscellaneous Grants	Total
<b>Revenues</b>				
Taxes	\$ --	\$ --	\$ --	\$ 739,220
Licenses and permits	--	161,312	--	218,284
Use of money and property	--	22,475	87	167,023
Intergovernmental	100,000	--	24,282	2,326,724
Charges for services	--	--	--	34,461
Other revenues	--	15,000	--	16,800
Total revenues	<u>100,000</u>	<u>198,787</u>	<u>24,369</u>	<u>3,502,512</u>
<b>Expenditures</b>				
Current:				
Public safety	--	--	60,567	527,209
Transportation	--	--	--	2,524,096
Community development	--	--	--	475,746
Recreation and culture	--	--	--	20,654
Debt Service:				
Principal	--	82,954	--	119,909
Interest	--	13,904	--	15,875
Capital outlay	--	489,417	--	489,417
Total expenditures	<u>--</u>	<u>586,275</u>	<u>60,567</u>	<u>4,172,906</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>100,000</u>	<u>(387,488)</u>	<u>(36,198)</u>	<u>(670,394)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	--	16,500	2,188	192,399
Transfers out	<u>(100,000)</u>	<u>--</u>	<u>--</u>	<u>(257,553)</u>
Total other financing sources (uses)	<u>(100,000)</u>	<u>16,500</u>	<u>2,188</u>	<u>(65,154)</u>
Net change in fund balances	--	(370,988)	(34,010)	(735,548)
Fund balances, beginning of year	<u>--</u>	<u>586,742</u>	<u>88,570</u>	<u>3,737,588</u>
Fund balances, end of year	<u>\$ --</u>	<u>\$ 215,754</u>	<u>\$ 54,560</u>	<u>\$ 3,002,040</u>

**CITY OF AUBURN**

Budgetary Comparison Schedule  
 State Gas Tax Fund  
 For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts (On Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, July 1	\$ 570,061	\$ 590,165	\$ 590,165	\$ --
<b>Resources (inflows):</b>				
Use of money and property	10,000	10,000	18,084	8,084
Intergovernmental	308,107	347,094	350,033	2,939
Amounts available for appropriation	<u>318,107</u>	<u>357,094</u>	<u>368,117</u>	<u>11,023</u>
<b>Charges to appropriations (outflows):</b>				
Current:				
Transportation	867,000	902,000	901,810	190
Total charges to appropriations	<u>867,000</u>	<u>902,000</u>	<u>901,810</u>	<u>190</u>
Budgetary fund balances, June 30	<u>\$ 21,168</u>	<u>\$ 45,259</u>	<u>\$ 56,472</u>	<u>\$ 11,213</u>

**CITY OF AUBURN**

Budgetary Comparison Schedule  
Transportation  
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts (On Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, July 1	\$ 182,492	\$ --	\$ --	\$ --
<b>Resources (inflows):</b>				
Use of money and property	1,500	1,500	(25,209)	(26,709)
Intergovernmental	2,047,607	2,141,565	1,215,580	(925,985)
Amounts available for appropriation	2,049,107	2,143,065	1,190,371	(952,694)
<b>Charges to appropriations (outflows):</b>				
Current:				
Transportation	2,217,849	2,311,849	1,184,284	1,127,565
Debt service	13,620	13,620	13,620	--
Total charges to appropriations	2,231,469	2,325,469	1,197,904	1,127,565
Budgetary fund balances, June 30	\$ 130	\$ (182,404)	\$ (7,533)	\$ 174,871

**CITY OF AUBURN**

Budgetary Comparison Schedule  
Transit  
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts (On Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, July 1	\$ 219,917	\$ 21,404	\$ 21,404	\$ --
<b>Resources (inflows):</b>				
Use of money and property	8,000	8,000	6,553	(1,447)
Intergovernmental	408,932	466,670	411,330	(55,340)
Charges for services	30,000	30,000	34,461	4,461
Other revenues	500	500	1,800	1,300
Amounts available for appropriation	<u>447,432</u>	<u>505,170</u>	<u>454,144</u>	<u>(51,026)</u>
<b>Charges to appropriations (outflows):</b>				
Current:				
Transportation	581,160	581,160	438,002	143,158
Transfers to other funds	<u>73,068</u>	<u>73,068</u>	<u>37,546</u>	<u>35,522</u>
Total charges to appropriations	<u>654,228</u>	<u>654,228</u>	<u>475,548</u>	<u>178,680</u>
Budgetary fund balances, June 30	<u>\$ 13,121</u>	<u>\$ (127,654)</u>	<u>\$ --</u>	<u>\$ 127,654</u>

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule \$ 475,548

Differences - budget to GAAP:

Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes (37,546)

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 438,002

**CITY OF AUBURN**

Budgetary Comparison Schedule  
Multimodal Railstation  
For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		<u>Actual Amounts (On Budgetary Basis)</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>		
Budgetary fund balances, July 1	\$ (38,201)	\$ (37,546)	\$ (37,546)	\$ --
<b>Resources (inflows):</b>				
Transfers from other funds	<u>38,201</u>	<u>38,201</u>	<u>37,546</u>	<u>(655)</u>
Amounts available for appropriation	<u>38,201</u>	<u>38,201</u>	<u>37,546</u>	<u>(655)</u>
<b>Charges to appropriations (outflows):</b>				
Capital outlay	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Total charges to appropriations	<u>--</u>	<u>--</u>	<u>--</u>	<u>--</u>
Budgetary fund balances, June 30	<u>\$ --</u>	<u>\$ 655</u>	<u>\$ --</u>	<u>\$ (655)</u>

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/inflows of resources

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule \$ 37,546

Differences - budget to GAAP:

Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes (37,546)

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ --

**CITY OF AUBURN**

Budgetary Comparison Schedule  
Redevelopment  
For the Year Ended June 30, 2007

	<u>Budgeted Amounts</u>		Actual Amounts (On Budgetary Basis)	Variance with Final Budget Positive (Negative)
	<u>Original</u>	<u>Final</u>		
Budgetary fund balances, July 1	\$ 1,133,593	\$ 1,210,612	\$ 1,210,612	\$ --
<b>Resources (inflows):</b>				
Taxes	498,200	498,200	600,035	101,835
Use of money and property	33,500	33,500	77,467	43,967
Transfers from other funds	<u>100,000</u>	<u>100,000</u>	<u>120,007</u>	<u>20,007</u>
Amounts available for appropriation	<u>631,700</u>	<u>631,700</u>	<u>797,509</u>	<u>165,809</u>
<b>Charges to appropriations (outflows):</b>				
Current:				
Community development	458,000	458,000	438,800	19,200
Debt service	25,306	25,306	25,306	--
Transfers to other funds	<u>213,801</u>	<u>213,801</u>	<u>120,007</u>	<u>93,794</u>
Total charges to appropriations	<u>697,107</u>	<u>697,107</u>	<u>584,113</u>	<u>112,994</u>
Budgetary fund balances, June 30	<u>\$ 1,068,186</u>	<u>\$ 1,145,205</u>	<u>\$ 1,424,008</u>	<u>\$ 278,803</u>

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/inflows of resources

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule \$ 797,509

Differences - budget to GAAP:

Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes (120,007)

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 677,502

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule \$ 584,113

Differences - budget to GAAP:

Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes (120,007)

Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 464,106

**CITY OF AUBURN**

Budgetary Comparison Schedule  
 OTS Grant  
 For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts (On Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, July 1	\$ 34,724	\$ (44,974)	\$ (44,974)	\$ --
<b>Resources (inflows):</b>				
Intergovernmental	92,589	220,499	220,499	--
Amounts available for appropriation	92,589	220,499	220,499	--
<b>Charges to appropriations (outflows):</b>				
Current:				
Public safety	--	40,602	167,374	(126,772)
Transfers to other funds	127,313	127,313	--	127,313
Total charges to appropriations	127,313	167,915	167,374	541
Budgetary fund balances, June 30	\$ --	\$ 7,610	\$ 8,151	\$ 541

**CITY OF AUBURN**

Budgetary Comparison Schedule  
Law Enforcement Grant  
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts (On Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, July 1	\$ --	\$ --	\$ --	\$ --
<b>Resources (inflows):</b>				
Use of money and property	--	--	--	--
Intergovernmental	100,000	100,000	100,000	--
Amounts available for appropriation	100,000	100,000	100,000	--
<b>Charges to appropriations (outflows):</b>				
Current:				
Public safety	--	--	--	--
Transfer to other funds	100,000	100,000	100,000	--
Total charges to appropriations	100,000	100,000	100,000	--
Budgetary fund balances, June 30	\$ --	\$ --	\$ --	\$ --

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule	\$ 100,000
 Differences - budget to GAAP:	
Transfers to other funds are outflows of budgetary resources but are not expenditures for financial reporting purposes	(100,000)
 Total expenditures as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds	\$ --

**CITY OF AUBURN**

Budgetary Comparison Schedule  
Facilities and Equipment  
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts (On Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, July 1	\$ 541,424	\$ 586,742	\$ 586,742	\$ --
<b>Resources (inflows):</b>				
Licenses and permits	207,500	207,500	161,312	(46,188)
Use of money and property	16,000	16,000	22,475	6,475
Other revenues	65,000	65,000	15,000	(50,000)
Transfers from other funds	16,500	16,500	16,500	--
Amounts available for appropriation	<u>305,000</u>	<u>305,000</u>	<u>215,287</u>	<u>(89,713)</u>
<b>Charges to appropriations (outflows):</b>				
Debt service	121,858	121,858	96,858	25,000
Capital outlay	455,500	464,417	489,417	(25,000)
Total charges to appropriations	<u>577,358</u>	<u>586,275</u>	<u>586,275</u>	<u>--</u>
Budgetary fund balances, June 30	<u>\$ 269,066</u>	<u>\$ 305,467</u>	<u>\$ 215,754</u>	<u>\$ (89,713)</u>

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenditures:

Sources/inflows of resources

Actual amounts (budgetary basis) "available for appropriation" from the budgetary comparison schedule \$ 215,287

Differences - budget to GAAP:

Transfers from other funds are inflows of budgetary resources but are not revenues for financial reporting purposes (16,500)

Total revenues as reported on the statement of revenues, expenditures, and changes in fund balances - governmental funds \$ 198,787

# CAPITAL PROJECTS FUNDS

## DEFINITION

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The Capital Projects Funds were established to account for financial resources for the acquisition or construction of major capital facilities.

### **Nonmajor Capital Projects Funds**

#### **Auburn School Park Relocation / Park Preserve Funds**

The Auburn School Park Relocation and Park Preserve (ASPP) Funds account for the capital costs of relocating the Auburn School and subsequent development of a park where the school once resided. In FY 2005-06, a \$1.5 million “loan” was provided to the ASPP Fund from the City’s General Fund for payment to the Army Corp of Engineers for related project costs (the Army Corp of Engineers will manage the construction of the Park). The City expects to receive the \$1.5 million back in the form of community support for the park project once the project is underway. Construction on the park project commenced during FY 2006-07.

#### **Project Fund**

This fund accounts for traffic mitigation fees collected for numerous project areas citywide. Funds collected for each project area may only be used for traffic mitigation projects within boundaries defined by each fee area resolution.

#### **Highway 49 Beautification Plan Fund**

The Highway 49 Beautification Plan Fund accounts for project costs specifically related to Highway 49. These funds may be used for eligible projects along the Highway 49 corridor.

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**CITY OF AUBURN**

Combining Balance Sheet  
 Nonmajor Capital Projects Funds  
 June 30, 2007

	AUSD Park Preserve	Project Fund	Hwy 49 Beautification	Total
<b>Assets</b>				
Cash and investments	\$ 51	\$ 1,135,212	\$ 64,654	\$ 1,199,917
Accounts receivable	50,000	--	--	50,000
	<u>50,051</u>	<u>1,135,212</u>	<u>64,654</u>	<u>1,249,917</u>
Total assets	<u>\$ 50,051</u>	<u>\$ 1,135,212</u>	<u>\$ 64,654</u>	<u>\$ 1,249,917</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Deposits	\$ --	\$ --	\$ 1,318	\$ 1,318
Due to other funds	11,957	--	--	11,957
	<u>11,957</u>	<u>--</u>	<u>1,318</u>	<u>13,275</u>
Total liabilities	<u>11,957</u>	<u>--</u>	<u>1,318</u>	<u>13,275</u>
Fund Balances:				
Unreserved:				
Undesignated	38,094	1,135,212	63,336	1,236,642
	<u>38,094</u>	<u>1,135,212</u>	<u>63,336</u>	<u>1,236,642</u>
Total fund balances	<u>38,094</u>	<u>1,135,212</u>	<u>63,336</u>	<u>1,236,642</u>
Total liabilities and fund balances	<u>\$ 50,051</u>	<u>\$ 1,135,212</u>	<u>\$ 64,654</u>	<u>\$ 1,249,917</u>

**CITY OF AUBURN**

Combining Statement of Revenues, Expenditures  
and Changes in Fund Balances  
Nonmajor Capital Projects Funds  
For the Year Ended June 30, 2007

	AUSD Park Preserve	Project Fund	Hwy 49 Beautification	Total
<b>Revenues</b>				
Licenses and permits	\$ --	\$ 65,797	\$ --	\$ 65,797
Use of money and property	1,291	64,860	3,797	69,948
Intergovernmental	1,113,653	--	--	1,113,653
Total revenues	<u>1,114,944</u>	<u>130,657</u>	<u>3,797</u>	<u>1,249,398</u>
<b>Expenditures</b>				
Capital outlay	<u>1,051,112</u>	<u>--</u>	<u>--</u>	<u>1,051,112</u>
Total expenditures	<u>1,051,112</u>	<u>--</u>	<u>--</u>	<u>1,051,112</u>
Net change in fund balances	63,832	130,657	3,797	198,286
Fund balances, beginning of year	<u>(25,738)</u>	<u>1,004,555</u>	<u>59,539</u>	<u>1,038,356</u>
Fund balances, end of year	<u>\$ 38,094</u>	<u>\$ 1,135,212</u>	<u>\$ 63,336</u>	<u>\$ 1,236,642</u>

**CITY OF AUBURN**

Budgetary Comparison Schedule  
 Nonmajor Capital Projects Funds  
 Hwy 49 Beautification  
 For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts (On Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, July 1	\$ 60,702	\$ 59,539	\$ 59,539	\$ --
<b>Resources (inflows):</b>				
Use of money and property	1,500	1,500	3,797	2,297
Amounts available for appropriation	1,500	1,500	3,797	2,297
<b>Charges to appropriations (outflows):</b>				
Capital outlay	--	--	--	--
Total charges to appropriations	--	--	--	--
Budgetary fund balances, June 30	<u>\$ 62,202</u>	<u>\$ 61,039</u>	<u>\$ 63,336</u>	<u>\$ 2,297</u>

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# **DEBT SERVICE FUNDS**

## **DEFINITION**

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The Debt Service is used to account for the accumulation of resources for, and the payment of, long-term debt principal and interest. Nonmajor debt service funds include:

### **Nonmajor Debt Service Funds**

#### **Government Obligation (GO) Bond Debt Service Fund**

The GO Bond Debt Service Fund accounts for the receipt of revenues collected with property taxes which support the repayment of bonds issued for the Civic Center.

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**CITY OF AUBURN**

Budgetary Comparison Schedule  
 Nonmajor Debt Service Funds  
 General Obligation Bonds  
 For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts (On Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, July 1	\$ 236,623	\$ 254,166	\$ 254,166	\$ --
<b>Resources (inflows):</b>				
Taxes	202,000	202,000	178,912	(23,088)
Use of money and property	3,000	3,000	10,239	7,239
Amounts available for appropriation	205,000	205,000	189,151	(15,849)
<b>Charges to appropriations (outflows):</b>				
Debt service	158,470	158,470	157,808	662
Total charges to appropriations	158,470	158,470	157,808	662
Budgetary fund balances, June 30	\$ 283,153	\$ 300,696	\$ 285,509	\$ (15,187)

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# ENTERPRISE FUNDS

## DEFINITION

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Enterprise Funds are established to account for the financing of self-supporting activities of governmental units which render services on a user-charge basis to the general public. The City has two enterprise funds, both of which are considered major. Major enterprise funds include:

### Major Enterprise Funds

#### **Airport Fund**

The Airport Fund was established to account for the operation and maintenance of the City's general aviation airport serving recreation, commuter, limited air cargo and public safety needs.

#### **Sewer Fund**

The Sewer Fund was established to account for the building, operating and maintaining of the City's sewer treatment plant and collection system.

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**CITY OF AUBURN**

Budgetary Comparison Schedule  
 Airport Fund  
 For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts (On Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, July 1	\$ (48,349)	\$ 9,167,805	\$ 9,167,805	\$ --
<b>Resources (inflows):</b>				
Taxes	55,000	55,000	32,634	(22,366)
Use of money and property	440,500	440,500	442,416	1,916
Intergovernmental	868,000	1,155,630	1,113,425	(42,205)
Charges for services	16,000	16,000	14,887	(1,113)
Amounts available for appropriation	<u>1,379,500</u>	<u>1,667,130</u>	<u>1,603,362</u>	<u>(63,768)</u>
<b>Charges to appropriations (outflows):</b>				
Current:				
Transportation	271,150	336,150	396,936	(60,786)
Debt Service	110,000	110,000	107,346	2,654
Capital outlay	917,000	1,112,409	1,051,734	60,675
Tranfers to other funds	18,531	18,531	18,531	--
Total charges to appropriations	<u>1,316,681</u>	<u>1,577,090</u>	<u>1,574,547</u>	<u>2,543</u>
Budgetary fund balances, June 30	<u>\$ 14,470</u>	<u>\$ 9,257,845</u>	<u>\$ 9,196,620</u>	<u>\$ (61,225)</u>

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenses:

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule \$ 1,574,547

Differences - budget to GAAP:

Debt service is an outflow of budgetary resources is not an expense for financial reporting purposes (107,346)

Capital outly are outflows of budgetary resources but are not expenses for financial reporting purposes (1,051,734)

Depreciation expense is an expense for financial reporting purposes but is not an outflow of budgetary resources 279,526

Total expenses as reported on the statement of revenues, expenses, and changes in fund net assets - proprietary funds \$ 694,993

**CITY OF AUBURN**

Budgetary Comparison Schedule  
Sewer Fund  
For the Year Ended June 30, 2007

	Budgeted Amounts		Actual Amounts (On Budgetary Basis)	Variance with Final Budget Positive (Negative)
	Original	Final		
Budgetary fund balances, July 1	\$ 4,829,468	\$ 10,339,687	\$ 10,339,687	\$ --
<b>Resources (inflows):</b>				
Use of money and property	115,000	115,000	258,997	143,997
Charges for services	2,765,000	2,765,000	2,861,434	96,434
Amounts available for appropriation	<u>2,880,000</u>	<u>2,880,000</u>	<u>3,120,431</u>	<u>240,431</u>
<b>Charges to appropriations (outflows):</b>				
Current:				
Public safety	2,247,082	2,222,082	2,722,005	(499,923)
Debt Service	284,348	284,348	282,234	2,114
Capital outlay	2,592,000	2,617,000	1,170,445	1,446,555
Transfers to other funds	87,208	87,208	2,214	84,994
Total charges to appropriations	<u>5,210,638</u>	<u>5,210,638</u>	<u>4,176,898</u>	<u>1,033,740</u>
Budgetary fund balances, June 30	<u>\$ 2,498,830</u>	<u>\$ 8,009,049</u>	<u>\$ 9,283,220</u>	<u>\$ 1,274,171</u>

Explanation of Differences between Budgetary Inflows and Outflows and GAAP Revenues and Expenses:

Uses/outflows of resources

Actual amounts (budgetary basis) "total charges to appropriations" from the budgetary comparison schedule \$ 4,176,898

Differences - budget to GAAP:

Transfers to other funds are outflows of budgetary resources but are not expenses for financial reporting purposes	(2,214)
Debt service is an outflow of budgetary resources but is not an expense for financial reporting purposes	(282,234)
Capital outlays are outflows of budgetary resources but are not expenses for financial reporting purposes	(1,170,445)
Depreciation expense is an expense for financial reporting purposes but is not an outflow of budgetary resources	<u>363,023</u>

Total expenses as reported on the statement of revenues, expenses and changes in fund net assets - proprietary funds \$ 3,085,028

## FIDUCIARY FUNDS

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**Agency Funds** – These funds account for assets held by the City for various local governments and other organizations.

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**CITY OF AUBURN**

Combining Statement of Fiduciary Net Assets  
Agency Funds  
June 30, 2007

	Cable TV Access Fees	Recreation Park Development	Fire Safety Council
<b>Assets</b>			
Cash and investments	\$ 7,762	\$ 1,109	\$ 5,224
Accounts receivable	--	--	--
Total assets	<u>\$ 7,762</u>	<u>\$ 1,109</u>	<u>\$ 5,224</u>
<b>Liabilities</b>			
Accounts payable	\$ --	\$ --	\$ --
Agency obligations	7,762	1,109	5,224
Total liabilities	<u>\$ 7,762</u>	<u>\$ 1,109</u>	<u>\$ 5,224</u>

**CITY OF AUBURN**

Combining Statement of Fiduciary Net Assets (continued)

Agency Funds

June 30, 2007

	Placer County Facilities Fee	Payroll Clearing	Total
<b>Assets</b>			
Cash and investments	\$ 15,833	\$ --	\$ 29,928
Accounts receivable	--	9,837	9,837
Total assets	<u>\$ 15,833</u>	<u>\$ 9,837</u>	<u>\$ 39,765</u>
<b>Liabilities</b>			
Accounts payable	\$ --	\$ 10,991	\$ 10,991
Agency obligations	15,833	(1,154)	28,774
Total liabilities	<u>\$ 15,833</u>	<u>\$ 9,837</u>	<u>\$ 39,765</u>

**CITY OF AUBURN**

Combining Statement of Changes in Assets and Liabilities  
Agency Funds  
For the Year Ended June 30, 2007

	Balance July 1, 2006	Additions	Deductions	Balance June 30, 2007
<b>Cable TV Access Fees</b>				
Assets:				
Cash and investments	\$ --	\$ 11,787	\$ 4,025	\$ 7,762
Accounts receivable	2,052	--	2,052	--
Total assets	\$ 2,052	\$ 11,787	\$ 6,077	\$ 7,762
Liabilities:				
Agency obligations	\$ 2,052	\$ 11,787	\$ 6,077	\$ 7,762
<b>Recreation Park Development</b>				
Assets:				
Cash and investments	\$ 49,570	\$ 13,452	\$ 61,913	\$ 1,109
Liabilities:				
Agency obligations	\$ 49,570	\$ 13,452	\$ 61,913	\$ 1,109
<b>Fire Safety Council</b>				
Assets:				
Cash and investments	\$ --	\$ 5,224	\$ --	\$ 5,224
Liabilities:				
Agency obligations	\$ --	\$ 5,224	\$ --	\$ 5,224
<b>Placer County Facilities Fee</b>				
Assets:				
Cash and investments	\$ 18,293	\$ 104,782	\$ 107,242	\$ 15,833
Liabilities:				
Agency obligations	\$ 18,293	\$ 104,782	\$ 107,242	\$ 15,833
<b>Payroll Clearing</b>				
Assets:				
Cash and investments	\$ 27,619	\$ 6,613,108	\$ 6,640,727	\$ --
Accounts receivable	5,050	4,787	--	9,837
Total assets	\$ 32,669	\$ 6,617,895	\$ 6,640,727	\$ 9,837
Liabilities:				
Accounts payable	\$ 34,892	\$ 456,581	\$ 480,482	\$ 10,991
Agency obligations	(2,223)	6,161,314	6,160,245	(1,154)
Total liabilities	\$ 32,669	\$ 6,617,895	\$ 6,640,727	\$ 9,837

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**Comprehensive Annual Financial Report**  
For Fiscal Year Ended June 30, 2007

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**Statistical Section**



## Statistical Section

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This part of the comprehensive annual financial report for the City of Auburn presents detailed information as a context for understanding what the information in financial statements, note disclosures, and required supplementary information says about the City's overall financial health.

GASB issued Statement No. 44, Economic Conditions Reporting; The Statistical Section – an amendment of NCGA Statement 1. This statement amends the portions of NCGA Statement 1, Governmental Accounting and Financial Reporting Principles, that guide the preparation of the statistical section. The statistical section presents detailed information, typically in ten-year trends, that assists users in utilizing the basic financial statements, notes to basic financial statements, and required supplementary information to assess the economic condition of a government. During fiscal year 2005-06, the City implemented this statement and added new information that financial statement users have identified as important.

### Contents

Schedule	
Financial Trends	I - IV
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	V – VIII
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, which is property tax.</i>	
Debt Capacity	IX – XII
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	XIII – XV
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information	XVI – XVII
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the Comprehensive Annual Financial Reports for the relevant year.

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**CITY OF AUBURN  
NET ASSETS BY COMPONENT  
LAST FIVE FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)**

	<b>Fiscal Year</b>				
	<b>2002-03</b>	<b>2003-04</b>	<b>2004-05</b>	<b>2005-06</b>	<b>2006-07</b>
<b>Governmental Activities</b>					
Invested in capital assets, net of related debt	\$ 4,044,224	\$ 9,219,557	\$ 11,455,672	\$ 12,112,065	\$ 13,711,814
Restricted	3,649,999	2,459,174	2,472,114	3,897,934	4,662,291
Unrestricted	3,874,941	3,127,481	3,826,830	4,049,964	2,001,513
Total governmental activities net assets	<u>\$ 11,569,164</u>	<u>\$ 14,806,212</u>	<u>\$ 17,754,616</u>	<u>\$ 20,059,963</u>	<u>\$ 20,375,618</u>
<b>Business-type Activities</b>					
Invested in capital assets, net of related debt	\$ 12,841,536	\$ 14,206,489	\$ 14,150,118	\$ 14,898,745	\$ 16,775,408
Restricted	37,350	--	41,840	41,840	13,250
Unrestricted	5,555,953	4,858,983	5,125,958	4,566,907	3,567,844
Total business-type activities	<u>\$ 18,434,839</u>	<u>\$ 19,065,472</u>	<u>\$ 19,317,916</u>	<u>\$ 19,507,492</u>	<u>\$ 20,356,502</u>
<b>Primary Government</b>					
Invested in capital assets, net of related debt	\$ 16,885,760	\$ 23,426,046	\$ 25,605,790	\$ 27,010,810	\$ 30,487,222
Restricted	3,687,349	2,459,174	2,513,954	3,939,774	4,675,541
Unrestricted	9,430,894	7,986,464	8,952,788	8,616,871	5,569,357
Total primary government net assets	<u>\$ 30,004,003</u>	<u>\$ 33,871,684</u>	<u>\$ 37,072,532</u>	<u>\$ 39,567,455</u>	<u>\$ 40,732,120</u>

**Note:**  
The City of Auburn implemented GASB 34 for the fiscal year ended June 30, 2002. Information prior to the implementation of GASB 34 is unavailable.

**SCHEDULE II**

**CITY OF AUBURN  
CHANGE IN NET ASSETS  
LAST FIVE FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year				
	2002-03	2003-04	2004-05	2005-06	2006-07
<b>Expenses</b>					
Governmental activities:					
General government	\$ 1,429,251	\$ 1,835,478	\$ 2,058,232	\$ 1,783,691	\$ 2,325,979
Public safety	4,151,189	4,619,641	4,745,520	5,385,966	5,916,568
Transportation	1,852,245	1,713,258	1,136,527	2,691,900	4,343,717
Community development	1,650,580	593,072	948,515	1,483,471	1,748,798
Recreation and culture	--	--	--	18,308	20,654
Interest on long-term debt	375,021	173,235	48,009	50,740	575,295
Total governmental activities expenses	<u>9,458,286</u>	<u>8,934,684</u>	<u>8,936,803</u>	<u>11,414,076</u>	<u>14,931,011</u>
Business-type activities:					
Auburn Municipal Airport	528,518	610,851	641,157	774,459	740,501
Wastewater Treatment Plant	2,375,566	2,488,911	2,276,655	2,852,847	3,132,068
Total business-type activities expenses	<u>2,904,084</u>	<u>3,099,762</u>	<u>2,917,812</u>	<u>3,627,306</u>	<u>3,872,569</u>
Total primary government expenses	<u>12,362,370</u>	<u>12,034,446</u>	<u>11,854,615</u>	<u>15,041,382</u>	<u>18,803,580</u>
<b>Program Revenues</b>					
Governmental activities:					
Charges for services:					
General government	721,017	589,308	711,105	1,538,236	391,510
Public safety	571,971	663,715	642,003	9,660	167,362
Transportation	106,716	211,933	315,400	27,528	97,042
Community development	385,506	416,660	413,458	--	513,221
Recreation and culture	--	--	--	--	19,885
Operating grants and contributions	2,119,337	2,028,080	1,483,658	2,378,837	2,543,309
Capital grants and contributions	1,370,007	1,935,210	201,773	684,447	1,284,923
Total governmental program revenues	<u>5,274,554</u>	<u>5,844,906</u>	<u>3,767,397</u>	<u>4,638,708</u>	<u>5,017,252</u>
Business-type activities:					
Charges for services:					
Auburn Municipal Airport	69,896	71,800	104,223	113,472	14,887
Wastewater Treatment Plant	2,982,607	2,941,660	2,773,504	2,941,471	2,861,434
Operating grants and contributions	--	--	--	--	49,500
Capital grants and contributions	2,325,301	611,500	61,586	238,136	1,063,925
Total business-type activities program revenues	<u>5,377,804</u>	<u>3,624,960</u>	<u>2,939,313</u>	<u>3,293,079</u>	<u>3,989,746</u>
Total primary government revenues	<u>\$ 10,652,358</u>	<u>\$ 9,469,866</u>	<u>\$ 6,706,710</u>	<u>\$ 7,931,787</u>	<u>\$ 9,006,998</u>

Continued

**SCHEDULE II**

**CITY OF AUBURN  
CHANGE IN NET ASSETS  
LAST FIVE FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year				
	2002-03	2003-04	2004-05	2005-06	2006-07
<b>Net (Expenses) Revenues</b>					
Governmental activities	\$ (4,183,732)	\$ (3,089,778)	\$ (5,169,406)	\$ (6,775,368)	\$ (9,913,759)
Business-type activities	2,473,720	525,198	21,501	(334,227)	117,177
Total primary government	<u>(1,710,012)</u>	<u>(2,564,580)</u>	<u>(5,147,905)</u>	<u>(7,109,595)</u>	<u>(9,796,582)</u>
<b>General Revenue and Other Changes in Net Assets</b>					
Governmental activities					
Taxes:					
Property	2,224,532	2,258,103	3,256,499	3,682,204	4,085,695
Sales and use	2,797,849	2,776,035	2,605,488	2,922,367	3,005,226
In-lieu sales	--	--	686,335	980,145	1,376,879
Transient occupancy	198,602	215,627	215,627	220,388	224,755
Other taxes	23,613	78,337	148,973	128,215	92,262
Franchise fees	617,846	592,670	599,725	620,185	648,170
Rents	317,227	293,459	316,959	297,896	312,911
Unrestricted interest and investment earnings	556,114	75,681	153,018	198,507	379,293
Miscellaneous revenues	--	--	--	33,988	102,009
Transfers	27,337	36,914	135,186	(3,180)	2,214
Total governmental activities	<u>6,763,120</u>	<u>6,326,826</u>	<u>8,117,810</u>	<u>9,080,715</u>	<u>10,229,414</u>
Business-type activities					
Property taxes	71,050	43,772	53,456	41,764	32,634
Rents	321,576	324,546	347,803	331,784	459,851
Unrestricted interest and investment earnings	203,188	47,647	(35,130)	126,004	241,562
Capital contributions	117,610	--	--	--	--
Transfers	(27,337)	(36,914)	(135,186)	3,180	(2,214)
Total business-type activities	<u>686,087</u>	<u>379,051</u>	<u>230,943</u>	<u>502,732</u>	<u>731,833</u>
Total primary government	<u>\$ 7,449,207</u>	<u>\$ 6,705,877</u>	<u>\$ 8,348,753</u>	<u>\$ 9,583,447</u>	<u>\$ 10,961,247</u>
<b>Change in Net Assets</b>					
Governmental activities	2,579,388	3,237,048	2,948,404	2,305,347	315,655
Business-type activities	3,159,807	904,249	252,444	168,505	849,010
Total Primary government	<u>\$ 5,739,195</u>	<u>\$ 4,141,297</u>	<u>\$ 3,200,848</u>	<u>\$ 2,473,852</u>	<u>\$ 1,164,665</u>

**Note:**

The City of Auburn implemented GASB 34 for the fiscal year ended June 30, 2002. Information prior to the implementation of GASB 34 is unavailable.

**CITY OF AUBURN  
FUND BALANCE, GOVERNMENTAL FUNDS  
LAST FIVE FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)**

	<b>Fiscal Year</b>				
	<u>2002-03</u>	<u>2003-04</u>	<u>2004-05</u>	<u>2005-06</u>	<u>2006-07</u>
<b>General Fund</b>					
Reserved	\$ 640,674	\$ 681,845	\$ 712,214	\$ 2,364,402	\$ 1,944,442
Unreserved	4,178,560	3,381,247	4,161,059	2,865,763	2,834,572
Total General Fund	<u>\$ 4,819,234</u>	<u>\$ 4,063,092</u>	<u>\$ 4,873,273</u>	<u>\$ 5,230,165</u>	<u>\$ 4,779,014</u>
<b>Other Governmental Funds</b>					
Reserved	\$ --	\$ --	\$ --	\$ 2,338	\$ --
Unreserved, reported in:					
Special revenue funds	2,718,822	3,431,582	3,571,328	4,186,295	3,132,607
Debt service funds	1,881,236	109,657	168,566	254,166	285,509
Capital project funds	968,127	707,465	581,596	1,038,356	1,236,642
Total Other Governmental Funds	<u>\$ 5,568,185</u>	<u>\$ 4,248,704</u>	<u>\$ 4,321,490</u>	<u>\$ 5,481,155</u>	<u>\$ 4,654,758</u>

**Note:**

*As certain data required by GASB 44 was not readily available for years prior to 2002, the City of Auburn has elected to show five years of data for this schedule.*

**CITY OF AUBURN  
CHANGE IN FUND BALANCE, GOVERNMENTAL FUNDS  
LAST FIVE FISCAL YEARS  
(ACCRUAL BASIS OF ACCOUNTING)**

	Fiscal Year				
	2002-03	2003-04	2004-05	2005-06	2006-07
<b>REVENUES</b>					
Taxes	\$ 6,250,630	\$ 6,527,856	\$ 7,497,249	\$ 7,933,319	\$ 8,784,817
Franchise Fees	617,846	592,670	599,725	620,185	648,170
Licenses and permits	479,110	473,012	606,469	1,065,241	775,940
Fines, forfeitures and penalties	112,573	237,535	134,882	121,808	144,568
Use of money and property	873,341	369,143	471,087	496,403	692,204
Intergovernmental	2,889,251	3,208,687	1,583,310	3,063,284	3,828,232
Charges for services	691,483	626,231	842,603	388,375	268,512
Other revenues	95,388	124,994	25,688	33,988	102,009
Total revenues	<u>12,009,622</u>	<u>12,160,128</u>	<u>11,761,013</u>	<u>13,722,603</u>	<u>15,244,452</u>
<b>EXPENDITURES</b>					
General government	1,714,622	1,722,442	1,705,245	4,500,812	2,224,760
Public safety	3,986,908	4,267,351	4,606,218	7,313,153	5,742,513
Transportation	1,488,587	1,563,670	2,100,278	2,521,915	4,368,426
Community development	1,502,302	725,476	1,062,079	1,492,402	1,737,253
Recreation and culture	--	--	--	18,308	20,654
Capital outlay	2,375,694	3,291,566	1,345,115	1,477,368	1,802,529
Debt service:					
Principal	180,550	2,525,952	146,282	157,725	314,909
Interest	208,091	176,208	48,009	38,181	313,170
Total expenditures	<u>11,456,754</u>	<u>14,272,665</u>	<u>11,013,226</u>	<u>17,519,864</u>	<u>16,524,214</u>
Excess (deficiency) of revenues over (under) expenditures	<u>552,868</u>	<u>(2,112,537)</u>	<u>747,787</u>	<u>(3,797,261)</u>	<u>(1,279,762)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Bonds issued	--	--	--	4,965,000	--
Capital lease	--	--	--	352,000	--
Transfers in	387,586	868,639	778,599	223,873	292,399
Transfers out	(360,248)	(831,725)	(643,414)	(227,053)	(290,185)
Total other financing sources (uses)	<u>27,338</u>	<u>36,914</u>	<u>135,185</u>	<u>5,313,820</u>	<u>2,214</u>
Net change in fund balance	<u>\$ 580,206</u>	<u>\$ (2,075,623)</u>	<u>\$ 882,972</u>	<u>\$ 1,516,559</u>	<u>\$ (1,277,548)</u>
Debt service as a percentage of noncapital expenditures	4.28%	24.61%	2.01%	1.22%	4.35%

**Note:**

As certain data required by GASB 44 was not readily available for years prior to 2002, the City of Auburn has elected to show only five years of data for this schedule.

**CITY OF AUBURN  
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY  
 LAST TEN FISCAL YEARS**

Fiscal Year	City					Auburn Urban Development Authority (Redevelopment Agency)					Total Direct Tax Rate
	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Direct Rate	Secured	Unsecured	Less: Exemptions	Taxable Assessed Value	Direct Rate	
1997-98	\$ 711,913,021	\$ 79,632,199	\$ -- (1)	\$ 791,545,220	0.149%	\$ 65,528,901	\$ 8,994,129	\$ --	\$ 74,523,030	0.304%	0.163%
1998-99	738,195,757	100,589,679	-- (1)	838,785,436	0.148%	66,764,056	9,885,194	--	76,649,250	0.277%	0.159%
1999-2000	775,659,066	114,580,759	-- (1)	890,239,825	0.150%	67,717,345	10,423,349	--	78,140,694	0.301%	0.162%
2000-01	836,846,826	131,757,047	-- (1)	968,603,873	0.149%	69,828,985	10,375,768	--	80,204,753	0.270%	0.158%
2001-02	924,878,465	163,171,437	50,034,999	1,038,014,903	0.200%	74,226,618	11,382,798	--	85,609,416	0.318%	0.135%
2002-03	1,000,767,284	183,554,586	52,245,073	1,132,076,797	0.197%	79,807,169	10,719,189	--	90,526,358	0.356%	0.188%
2003-04	1,098,885,515	187,072,771	54,539,705	1,231,418,581	0.156%	88,588,481	9,961,089	--	98,549,570	0.390%	0.173%
2004-05	1,205,735,778	184,994,566	65,101,805	1,325,628,539	0.217%	95,172,938	9,837,947	--	105,010,885	0.408%	0.231%
2005-06	1,349,777,552	161,246,947	67,494,168	1,443,530,331	0.221%	102,726,618	11,721,184	--	114,447,802	0.463%	0.239%
2006-07	1,524,979,595	161,724,477	71,295,420	1,615,408,652	0.216%	111,839,121	12,388,015	--	124,227,136	0.483%	0.235%

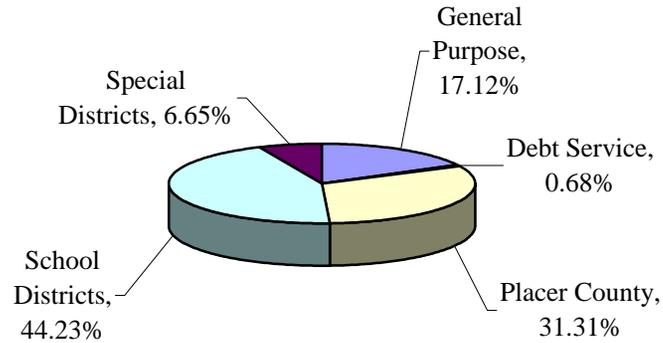
(1) Exemption information is unavailable for years prior to FY 2001-02.

**Note:**

*In 1978, the voters of the State of California passed Proposition 13 which limited property taxes to a maximum rate of 1% based upon the assessed value of the property being taxed. Each year, the assessed value of property tax may be increased by an "inflation factor" (limited to a maximum increase of 2%). With few exceptions, property is only reassessed at the time that it is sold to a new owner. At that point, the new assessed value is reassessed at the purchase price of the property sold. The assessed valuation data shown above represents the only data currently available with respect to the actual market value of taxable property and is subject to the limitations described above.*

Source: Auditor-Controllers Office, County of Placer

**CITY OF AUBURN  
PROPERTY TAX RATES - ALL OVERLAPPING GOVERNMENTS  
LAST TEN FISCAL YEARS**



Fiscal Year	1997-98	1998-99	1999-2000	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
City of Auburn										
General Purpose	0.176	0.175	0.175	0.175	0.175	0.175	0.175	0.175	0.175	0.175
Debt Service	0.020	0.019	0.017	0.016	0.017	0.015	0.013	0.012	0.013	0.007
	<u>0.196</u>	<u>0.194</u>	<u>0.192</u>	<u>0.191</u>	<u>0.192</u>	<u>0.190</u>	<u>0.188</u>	<u>0.187</u>	<u>0.188</u>	<u>0.182</u>
Placer County	0.335	0.334	0.330	0.330	0.328	0.326	0.321	0.320	0.320	0.320
School districts	0.482	0.430	0.434	0.448	0.447	0.447	0.455	0.455	0.452	0.452
Special districts	0.014	0.068	0.068	0.068	0.068	0.068	0.068	0.068	0.068	0.068
	<u>1.027</u>	<u>1.026</u>	<u>1.024</u>	<u>1.037</u>	<u>1.035</u>	<u>1.031</u>	<u>1.032</u>	<u>1.030</u>	<u>1.028</u>	<u>1.022</u>

**Note:**

- The above tax rates are applied per \$100 of assessed valuation.
- In 1978, California voters passed Proposition 13 which sets the property tax rate at a 1.00% fixed amount. This 1.00% is shared by all taxing agencies for which the subject property resides within. In addition to the 1.00% fixed amount, property owners are charged taxes as a percentage of assessed property values for the payment of school district bonds.

Source: Auditor-Controllers Office, County of Placer

**CITY OF AUBURN  
PRINCIPAL PROPERTY TAX PAYERS  
CURRENT YEAR AND NINE YEARS AGO**

Taxpayer	FY 2006-07		FY 1997-98	
	Taxable Assessed Value	Percent of Total City Taxable Assessed Value	Taxable Assessed Value	Percent of Total City Taxable Assessed Value
Reneson Hotels, Inc.	\$ 11,443,340	0.658%	<i>not available</i>	
Regal Cinemas, Inc.	10,229,990	0.702%	<i>not available</i>	--
Auburn Creekside Buildings	6,369,699	0.437%	<i>not available</i>	--
RMP Properties, LLC	6,222,000	0.427%	<i>not available</i>	--
UAIC Development Corporation	5,146,598	0.353%	<i>not available</i>	--
Foothill Terrace Investors	5,138,474	0.352%	<i>not available</i>	--
Auburn Town Square, LLC	4,961,881	0.340%	<i>not available</i>	--
Lee, Alfred & Peggy	4,537,828	0.311%	<i>not available</i>	--
1616 I Street Properties	4,100,400	0.281%	<i>not available</i>	--
Persimmon Terrace Apartments	3,804,104	0.261%	<i>not available</i>	--
<b>Total assessed property valuation</b>	<b>\$ 61,954,314</b>	<b>4.122%</b>	<b><i>not available</i></b>	<b>\$ --</b>
Total City of Auburn assessed property valuation (including AUDA):				
	Fiscal Year 2006-07	<b>\$ 1,739,635,788</b>		
	Fiscal Year 1997-98		<b>\$ 866,068,250</b>	

**Note:**

As some information required by GASB 44 is not readily available, data for FY 1997-98 is not shown in the schedule.

Source: Auditor-Controllers Office, County of Placer

**CITY OF AUBURN  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS**

Fiscal Year	Tax Levied Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percent of Levy		Amount	Percent of Levy
1997-98	\$ 1,408,252	\$ 1,281,978	91.0%	\$ --	\$ 1,281,978	91.0%
1998-99	1,457,605	1,430,024	98.1%	--	1,430,024	98.1%
1999-2000	1,573,407	1,532,769	97.4%	--	1,532,769	97.4%
2000-01	1,692,780	1,663,552	98.3%	--	1,663,552	98.3%
2001-02	1,825,238	1,764,962	96.7%	--	1,764,962	96.7%
2002-03	2,131,441	2,295,582	107.7%	--	2,295,582	107.7%
2003-04	2,321,327	2,301,875	99.2%	--	2,301,875	99.2%
2004-05	3,256,499	3,309,955	101.6%	--	3,309,955	101.6%
2005-06	3,562,725	3,723,878	104.5%	--	3,723,878	104.5%
2006-07	4,074,600	4,118,329	101.1%	--	4,118,329	101.1%

*Source: Auditor-Controllers Office, County of Placer  
Administrative Services Department, City of Auburn*

**CITY OF AUBURN  
RATIOS OF OUTSTANDING DEBT BY TYPE  
LAST TEN FISCAL YEARS**

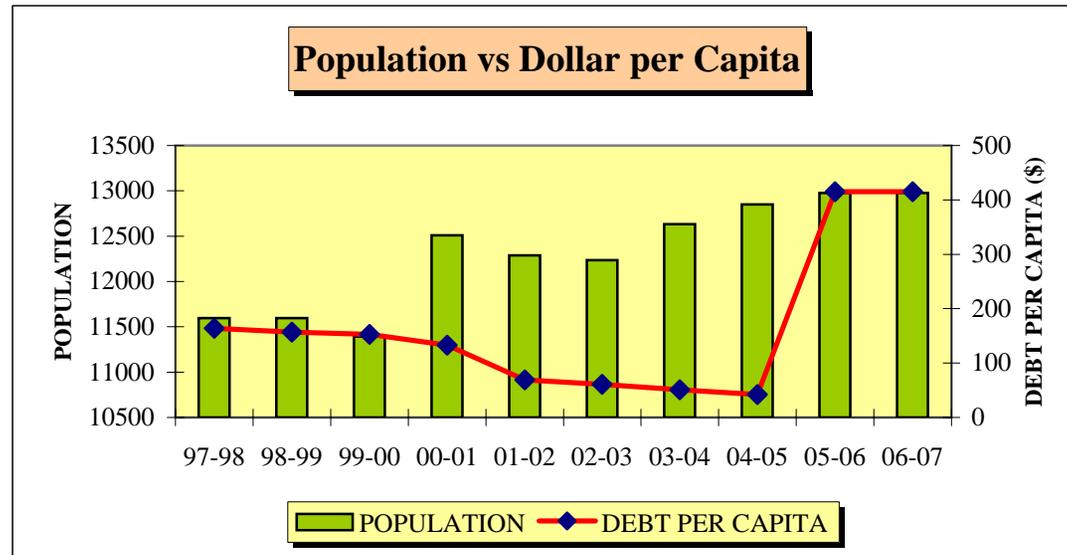
Fiscal Year	Governmental Activities					Total Governmental Activities
	General Obligation Bonds	COPS (1) / Pension Obligation Bonds	Loans and Notes Payable	Due to Other Agencies	Capitol Leases	
1997-98	\$ 1,885,000	\$ 2,725,000	\$ 109,359	\$ 286,569	\$ 159,426	\$ 5,165,354
1998-99	1,815,000	2,665,000	--	261,263	118,262	4,859,525
1999-2000	1,740,000	2,600,000	--	235,957	104,798	4,680,755
2000-01	1,660,000	2,535,000	--	210,651	58,130	4,463,781
2001-02	845,000	2,465,000	112,060	185,345	33,855	3,641,260
2002-03	750,000	2,390,000	101,510	160,039	24,342	3,425,891
2003-04	650,000	--	90,864	134,733	14,031	889,628
2004-05	540,000	--	79,888	109,427	9,556	738,871
2005-06	420,000	4,965,000	68,580	84,121	356,739	5,894,440
2006-07	290,000	4,900,000	56,931	58,815	269,046	5,574,792

Fiscal Year	Business-type Activities				
	Loans and Notes Payable	Total Business-Type Activities	Total Primary Government	Percentage of Assessed Value	Debt Per Capita
1997-98	\$ 1,849,722	\$ 1,849,722	\$ 7,015,076	0.810%	\$ 605
1998-99	1,996,301	1,996,301	6,855,826	0.749%	591
1999-2000	5,316,578	5,316,578	9,997,333	1.032%	878
2000-01	6,816,457	6,816,457	11,280,238	1.076%	902
2001-02	5,329,059	5,329,059	8,970,319	0.798%	730
2002-03	6,038,825	6,038,825	9,464,716	0.774%	774
2003-04	5,707,941	5,707,941	6,597,569	0.496%	522
2004-05	5,374,142	5,374,142	6,113,013	0.427%	476
2005-06	5,035,206	5,035,206	10,929,646	0.702%	842
2006-07	4,691,134	4,691,134	10,265,926	0.625%	783

(1) Amounts listed in this column prior to FY 2003-04 relate to Certificates of Participation debt outstanding.

Sources: Department of Administrative Services, City of Auburn  
Auditor-Controller's Office, County of Placer

**CITY OF AUBURN  
RATIO OF GENERAL BONDED DEBT OUTSTANDING  
LAST TEN FISCAL YEARS**



Outstanding General Debt

Fiscal Year	General Obligation Bonds	Special Assessment Bonds	Pension Obligation Bonds	Total	Percent of Assessed Value	Population	Debt Per Capita
1997-98	\$ 1,885,000	\$ 15,283	\$ --	\$ 1,900,283	0.219%	11,595	\$ 164
1998-99	1,815,000	--	--	1,815,000	0.198%	11,595	157
1999-2000	1,740,000	--	--	1,740,000	0.180%	11,391	153
2000-01	1,660,000	--	--	1,660,000	0.158%	12,511	133
2001-02	845,000	--	--	845,000	0.075%	12,287	69
2002-03	750,000	--	--	750,000	0.061%	12,235	61
2003-04	650,000	--	--	650,000	0.049%	12,634	51
2004-05	540,000	--	--	540,000	0.038%	12,849	42
2005-06	420,000	--	4,965,000	5,385,000	0.346%	12,975	415
2006-07	290,000	--	4,900,000	5,190,000	0.316%	13,112	396

Source: Auditor-Controllers Office, County of Placer  
Administrative Services Department, City of Auburn

**CITY OF AUBURN**  
**STATEMENT OF DIRECT AND OVERLAPPING BONDED DEBT**  
**JUNE 30, 2007**

City Assessed Valuation	\$ 1,642,394,051
Auburn Urban Development Authority Incremental Valuation	73,515,879
	\$ 1,568,878,172

<i>Overlapping Tax and Assessment Debt:</i>	<b>% Applicable</b>	<b>Outstanding Debt as of 6/30/2007</b>	<b>Estimated Share of Overlapping Debt</b>
Placer Union High School District	15.068%	\$ 39,889,040	\$ 6,010,481
Nevada Irrigation District	0.148%	3,245,000	4,803
		\$ 43,134,040	\$ 6,015,283

<i>Direct and Overlapping General Fund Obligation Debt:</i>			
Placer County General Fund Obligations	3.098%	\$ 22,000,000	\$ 681,560
Placer County Office of Education Certificates of Participation	3.098%	2,770,000	85,815
Sierra Joint Community College District General Fund Obligations	2.279%	10,050,000	229,040
Placer Union High School District Certificates of Participation	15.068%	10,930,000	1,646,932
Auburn Union School District Certificates of Participation	42.345%	36,633,580	15,512,489
<b>City of Auburn General Fund Obligations</b>	<b>100.000%</b>	<b>290,000</b>	<b>290,000</b>
<b>City of Auburn Pension Obligations</b>	<b>100.000%</b>	<b>4,900,000</b>	<b>4,900,000</b>
Auburn Area Recreation and Park District Certificates of Participation	32.947%	815,000	268,518
		\$ 88,388,580	\$ 23,614,354
<i>Total Direct and Overlapping General Fund Obligation Debt:</i>		\$ 131,522,620	\$ 29,629,637

<u>Ratios to 2006-07 Assessed Valuation:</u>	
<b>Direct Debt (\$0)</b> .....	<b>0.000%</b>
Total Direct and Overlapping Tax and Assessment Debt.....	0.366%

<u>Ratios to Adjusted Assessed Valuation:</u>	
<b>Combined Direct Debt (\$5,190,000)</b> .....	<b>0.331%</b>
Combined Total Debt.....	1.890%

STATE SCHOOL BUILDING AID REPAYABLE AS OF 6/30/07      \$0

**Note:**  
*Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City of Auburn. This schedule estimates the portion of outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account.*

Source: Auditor-Controller's Office, County of Placer  
 Administrative Services Department, City of Auburn  
 California Municipal Statistics

**CITY OF AUBURN  
COMPUTATION OF LEGAL BONDED DEBT MARGIN  
JUNE 30, 2007**

<i>Secured Property Assessed Value, net of Exempt Real Property</i>	<u><u>\$ 1,565,523,296</u></u>
Bonded Debt Limit (3.75% of Assesed Value) (a)	<u>\$ 58,707,124</u>
<i>Less Debt Subject to Limit:</i>	
Total General Obligation Bonds @ 6/30/2007	\$ (290,000)
Total Pension Obligation Bonds @ 6/30/2007	<u>(4,900,000)</u>
Legal Debt Margin	<u><u>\$ 53,517,124</u></u>

*(a) California Government Code, Section 43605 sets the debt limit at 15%. The Code section was enacted prior to the change in basing assessed value to full market value when it was previously 25% of market value. Thus, the limit shown as 3.75% is one-fourth the limit to account for the adjustment of showing assessed valuation at full cash value.*

*Source: Auditor-Controller's Office, County of Placer  
Administrative Services Department, City of Auburn*

**CITY OF AUBURN  
DEMOGRAPHIC AND ECONOMIC STATISTICS  
LAST TEN FISCAL YEARS**

<u>Calendar Year</u>	<u>Population</u>	<u>Taxable Assessed Valuation</u>	<u>Per Capita Taxable Property Values</u>	<u>Average Unemployment Rate</u>
1998	11,595	\$ 866,068,250	\$ 74,693	4.1%
1999	11,595	915,434,686	78,951	3.2%
2000	11,391	968,380,519	85,013	2.9%
2001	12,511	1,048,808,626	83,831	3.2%
2002	12,287	1,123,624,319	91,448	3.9%
2003	12,235	1,222,603,155	99,927	4.0%
2004	12,634	1,329,968,151	105,269	3.7%
2005	12,849	1,430,639,424	111,342	3.3%
2006	12,975	1,557,978,133	120,075	3.2%
2007	13,112	1,739,635,788	132,675	3.4%

**Note:**

*Data pertaining to personal income is not readily available, thus the City used taxable assessed values to calculate per capita taxable property values*

*Source: Auditor-Controllers Office, County of Placer  
Administrative Services Department, City of Auburn  
Employment Development Department, State of California*

**SCHEDULE XIV**

**CITY OF AUBURN  
PRINCIPAL EMPLOYERS  
2007**

<u>Employer</u>	<u>No. of Employees</u>	<u>Percent of Total Employment</u>
Nella Oil Company	530	6.39%
Coherent	305	3.67%
Placer County Water Agency	166	2.00%
Pacific Bell Telephone	160	1.93%
Pride Industries	141	1.70%
Auburn Journal	110	1.33%
City of Auburn	104	1.25%
Gottschalks	100	1.20%
United States Post Office	96	1.16%
Auburn Placer Disposal	73	0.88%

***Note:***

*Data pertaining to principal employers for nine years ago is not readily available.  
calculate per capita taxable property values*

*Source: Auburn Area Chamber of Commerce  
Employment Development Department, State of California*

**CITY OF AUBURN  
FULL-TIME AND PART-TIME CITY EMPLOYEES  
LAST TEN FISCAL YEARS**

**Full-Time and Part-Time Employees as of June 30**

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
City Council	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
City Manager's Office	2.0	2.0	2.0	3.0	3.0	3.0	3.0	2.0	2.0	1.5
City Clerk's Office	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0	2.0
Finance / Administrative Services	5.0	5.0	5.0	5.0	5.0	5.0	5.0	4.8	5.0	8.0
Community Development	7.0	7.0	7.0	8.5	9.0	9.0	9.0	9.5	12.0	10.0
Police Department	29.4	31.0	32.5	31.5	33.5	33.5	33.5	32.5	35.5	36.5
Fire Department	7.8	13.8	11.8	14.8	14.8	13.0	13.0	13.0	14.5	13.0
Public Works	19.5	19.5	21.5	24.0	25.5	25.0	25.5	25.5	26.0	27.0
Airport	-	-	-	1.0	1.0	1.0	1.0	1.0	1.0	1.0
Total Full-Time Equivalent Employees:	<u>77.7</u>	<u>85.3</u>	<u>86.8</u>	<u>94.8</u>	<u>98.8</u>	<u>96.5</u>	<u>97.0</u>	<u>95.3</u>	<u>103.0</u>	<u>104.0</u>

Source: Administrative Services Department, City of Auburn

**CITY OF AUBURN  
OPERATING INDICATORS  
LAST FIVE FISCAL YEARS**

	Fiscal Year				
	FY 2002-03	FY 2003-04	FY 2004-05	FY 2005-06	FY 2006-07
<b>AUBURN AIRPORT:</b>					
Tie-downs per year	990	1,086	1,050	978	1,020
Hanger rentals per year	84	95	96	97	120
Gallons of fuel sold per year	330,000	271,000	194,000	155,000	249,094
<b>ENVIRONMENT AND UTILITIES:</b>					
Gallons of wastewater treated per year (in millions)	468	477	602	628	530
<b>FIRE:</b>					
Fires per year	76	109	130	82	80
Emergency medical calls per year	722	887	995	1,013	1,093
Hazardous materials incidents per year	27	24	26	34	27
Non-emergency service calls per year	126	134	176	229	295
<b>POLICE:</b>					
911 calls per year	3,365	3,056	2,966	2,910	2,819
Cases investigated per year	4,593	5,243	3,973	4,100	4,271
Arrests per year	893	975	847	886	1,164
<b>BUILDING PERMITS:</b>					
Building permits issues per year	533	580	635	599	596
New building and alteration valuation	\$ 19,779,477	\$ 27,882,769	\$ 45,634,211	\$ 33,298,065	\$ 25,330,689

**Note:**

*As certain data required by GASB 44 was not readily available prior to FY 2001-02, the City of Auburn has elected to show five years of data in this schedule.*

*Source: City of Auburn*

**CITY OF AUBURN  
CAPITAL ASSET STATISTICS  
LAST FIVE FISCAL YEARS**

	<b>Fiscal Year</b>				
	<b>FY 2002-03</b>	<b>FY 2003-04</b>	<b>FY 2004-05</b>	<b>FY 2005-06</b>	<b>FY 2006-07</b>
<b>AUBURN AIRPORT:</b>					
Terminals (Airport Management Building)	1	1	1	1	1
Runways	1	1	1	1	1
Airport hangers	81	81	81	81	81
<b>ENVIRONMENT AND UTILITIES:</b>					
Miles of municipal sewer mains	60	61	62	62	62
Maximum daily capacity (gallons per day)	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
<b>FIRE:</b>					
Full-time staffed stations	1	1	1	1	1
Volunteer stations	2	2	2	2	2
<b>POLICE:</b>					
Stations	1	1	1	1	1
Vehicles and motorcycles	23	24	25	27	27
<b>COMMUNITY DEVELOPMENT:</b>					
Miles of municipal roadways	62	62	62	62	62
Pocket park sites	10	10	10	10	10

**Note:**

*As certain data required by GASB 44 was not readily available prior to FY 2001-02, the City of Auburn has elected to show five years of data in this schedule.*

*Source: City of Auburn*